

6th October 1936

THE

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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Volume VIII, 1936

*(29th September to 8th October, 1936)*

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FOURTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,  
1936



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1937

# Legislative Assembly.

*President :*

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

*Deputy President :*

MR. AKHIL CHANDRA DUTTA, M.L.A.

*Panel of Chairmen :*

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MR. ABDUL MATIN CHAUDHURY, M.L.A.

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MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

*Assistant of the Secretary :*

RAI BAHADUR D. DUTT.

*Marshal :*

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

*Committee on Petitions :*

MR. AKHIL CHANDRA DUTTA, M.L.A., *Chairman.*

SIR LESLIE HUDSON, KT., M.L.A.

PANDIT NILAKANTHA DAS, M.L.A.

MAULVI SYED MUETUZA SAHIB BAHADUR, M.L.A.

MR. N. M. JOSHI, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Tuesday, 6th October, 1936.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBERS SWORN.

Mr. Gurunath Venkatesh Bewoor, C.I.E., M.L.A. (Government of India : Nominated Official) ; and

Mr. John Bartley, C.I.E., M.L.A. (Government of India : Nominated Official).

## SHORT NOTICE QUESTIONS AND ANSWERS.

### APPREHENSION OF ABNORMALLY INCREASED IMPORTS OF SUGAR FROM JAVA DUE TO HOLLAND'S DEPARTURE FROM THE GOLD STANDARD.

**Mr. J. Ramsay Scott :** Have Government any reason to apprehend abnormally increased imports of sugar from Java as a result of Holland going off the gold standard ?

**The Honourable Sir James Grigg :** No. The Government of India have received information from an official source that the Guilder export prices of sugar from the Netherlands Indies will be increased by an amount proportionate to the depreciation of the Guilder. The rupee price of imports from Java will therefore be unaffected by the departure of Holland from the gold standard.

**Mr. J. Ramsay Scott :** Are the Government aware that the Guilder has been depreciated by about 25 per cent. ?

**The Honourable Sir James Grigg :** My information is not perhaps so recent as that of the Honourable Member. In fact, I do not believe the Dutch Government have come to any conclusion except that they will have a managed currency, and I believe that the amount of the depreciation has not been finally settled.

### CONGESTION ON TRUNK TELEPHONE LINES BETWEEN CERTAIN CITIES IN INDIA.

**Babu Baijnath Bajoria :** (a) Are Government aware of the great inconvenience caused by the considerable congestion on Trunk Telephone lines, specially between Calcutta and Delhi, Calcutta and Bombay, and Bombay and Delhi ?

(b) Are Government aware that often subscribers have to wait for two hours or more to get a connection on the above routes ?

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(c) Are Government aware that the commercial community has been pressing for the extension of telephone lines on these routes ?

(d) What steps are Government taking to relieve this congestion ?

**The Honourable Sir Frank Noyce :** (a), (b) and (c). Except between Bombay and Delhi there is ordinarily no undue congestion on the routes specially mentioned. At times of exceptional activity in the markets and during the half rate period congestion may occur but this is inevitable unless large sums are to be spent on providing additional circuits which would remain idle during long periods of the day or night.

No repeated complaints have been received from the commercial community against the adequacy of the service. Subscribers sometimes complain but usually realise that delays at times of great commercial activity and during the cheap period must be expected.

(d) The question of delays to trunk traffic is constantly under examination. As soon as it becomes evident that circuit accommodation will shortly prove inadequate, steps are taken to provide additional facilities. This usually involves the provision of additional carrier channels. Such apparatus requires a long period to manufacture and at present steps are being taken to provide equipment for the traffic which is anticipated in 1938. A project for increasing the outlets between Bombay and Delhi was sanctioned last cold weather. The contract time for this to be completed is May, 1937.

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NEGOTIATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE KATHIAWAR STATES TO REGULATE THE IMPORT OF FOREIGN GOODS.

**Sir H. P. Mody :** (a) Will Government be pleased to state what progress has been made with regard to the negotiations between the Government of India and the Kathiawar States ?

Has a settlement been reached with any of them ; and if so, on what terms ?

**The Honourable Sir James Grigg :** The Government of India have for some time been in negotiation with certain maritime States of Kathiawar with a view to arriving at a settlement to regulate the import of foreign goods at the States' ports, including particularly goods destined for markets beyond Kathiawar. The main object has been, with due regard for the rights and interests of the States, to prevent the development of uneconomic practices which lead to the diversion of trade from its natural channels. Agreements have now been concluded with the States of Junagadh, Nawanagar, Porbandar and Morvi, whereby arrangements have been made with a view to ensuring that all goods imported at the States' ports are effectively subjected to customs duty at full British Indian tariff rates. These arrangements are calculated to produce healthier trading conditions within Kathiawar as well as beyond it, and are, therefore, conducive to the advantage of the States themselves as well as of British India. As regards the revenue derived from the duties levied on goods consigned to destinations outside Kathiawar, a settlement had already been made with Nawanagar, after the Dunedin Award, whereby the State retains such revenue not exceeding five lakhs in any year, and any

excess over this amount is paid to the Government of India. A similar settlement has now been embodied in the agreements with the States of Junagadh, Porbandar and Morvi.

2. An agreement has also been concluded with another maritime State, namely Baroda, whereby the State will retain the revenue from customs duties levied on foreign goods imported at its ports, subject to a maximum equal to the estimated revenue derived from the consumption of such goods in the territories of the State.

Foreign goods which have been imported at British Indian ports and there subjected to customs duty will be admitted free of duty to the territories of the State, and goods which have paid duty at the State's ports will be admitted free of duty into British India. British Indian ports and the State's ports will thus be free to serve their economic hinterland without any obstruction arising from the necessity of securing that the customs revenue from particular imported goods accrues to the State or to the British Indian treasury, according to the location of the markets to which the goods are consigned.

3. In this connection it may also interest the House to learn that the Government of India have concluded a convention with the Government of French India regarding the consignment from Pondicherry and Karikal through the letter-post of dutiable goods addressed to the open Settlements of Chandernagore, Yanam and Mahe. For some time, highly dutiable articles, including in particular Japanese silk piece-goods had been so consigned and had found their way to British Indian markets without being subjected to duty, thus causing a serious loss of revenue as well as considerable disturbance to the legitimate trade in those commodities. The arrangements now concluded provide for the subjection to British-Indian customs duty of such consignments before they are accepted for despatch from Pondicherry and Karikal. The Government of India have every reason to believe that these arrangements have been successful in putting a stop to the practice which I have described.

**Sir H. P. Mody :** The reply is silent about Bhavnagar. Do I understand that no settlement has been reached with that State? Press reports seem to indicate that some action has been taken.

**The Honourable Sir James Grigg :** The Honourable Member is right in assuming that there has been no settlement with Bhavnagar State. The present position with regard to Bhavnagar is this. The Government of India have asked the Durbar to furnish with consignments of goods for British India an invoice showing the valuation of the goods and the amount of the customs duty paid. The Durbar has refused for the time being to furnish those invoices, and at the moment, therefore, no goods are being cleared across the Viramgam line from Bhavnagar.

**Sir H. P. Mody :** The figures of revenue derived in respect of goods which cross the Viramgam line have remained stationary for the last three years at about 27 lakhs. That would indicate that in spite of the tightening of the control no fresh additional revenue has accrued to the Government. Why is that?

**The Honourable Sir James Grigg :** The Honourable Member is quoting figures which are new to me.

\* **Sir H. P. Mody** : From the blue book.

**The Honourable Sir James Grigg** : I should have to have notice before I could answer that question. I think the implication in his mind must be that smuggling is taking place.....

**Sir H. P. Mody** : Yes, still taking place.

**The Honourable Sir James Grigg** : I am not aware that there is any very serious degree of smuggling but the Honourable Member knows that Bhavnagar is in a different position to all the other States in that it claims that no check can be placed on their goods in transmission to British India. The Government of India do not quite take that view.

**Sir H. P. Mody** : Can the Honourable Member say why it is that the imports of cotton piece-goods have gone up very considerably in the Kathiawar ports ?

**The Honourable Sir James Grigg** : That is almost entirely Bhavnagar, I understand.

**Sir H. P. Mody** : Just one other question : with regard to Baroda, I understood the Honourable Member to suggest a settlement on a different basis from the settlement reached with the four other Kathiawar States. Do I understand that in effect it means the same thing as if the Government of India were taxing in respect of goods which cross the border ?

**The Honourable Sir James Grigg** : The Government of India will in effect get the revenue from all goods imported at Baroda ports which are not consumed in the territories in Baroda itself.

**Mr. B. Das** : Is the Honourable Member satisfied that those Kathiawar States which were giving rebates in customs duty would no more give these rebates since the tightening of control ?

**The Honourable Sir James Grigg** : That is one effect of the agreement. I may say that one of the terms of the agreement is that the onus of proof that rebates are not being given will in future rest upon the States.

**Mr. B. Das** : Will Government place customs officers to see that these States do not give any rebates ? Are they keeping any officers in these ports ?

**The Honourable Sir James Grigg** : That raises a very large question which I would rather not enter into here.

**Mr. N. M. Joshi** : May I ask who is the final authority to decide what amount is to be paid to Baroda ?

**The Honourable Sir James Grigg** : That amount is regulated by the agreement ; and I have described the effect of the agreement.

**Mr. N. M. Joshi** : May I ask whether it is the Government of India who will decide or the Baroda State that will decide or in case of conflict will there be arbitration ?

**The Honourable Sir James Grigg** : I do not see how there can be a conflict on a matter which is regulated by pure arithmetical calculation.

**Sir Cowasji Jehangir** : Is it a fact that the traders of Bhavnagar have struck work since the Honourable Member's orders just explained by him ?



**The Honourable Sir James Grigg** : I am not sure they have got any alternative. The Bhavnagar State authorities refused to give the invoices which the Government of India requested should be given ; and in the absence of those invoices the goods will be charged at full British Indian rates at the line. Obviously the merchants are not going to pay duty twice. Hence the deadlock.

**Dr. Ziauddin Ahmad** : Have the Government considered the desirability of putting one of their own officers in these ports belonging to the Indian States ?

**The Honourable Sir James Grigg** : That is precisely the question which was asked by the Honourable Member over there and I said I would prefer not to answer it at the present moment.

**Sir Cowasji Jehangir** : Is it the intention of the Government of India to take a firm line in the case of Bhavnagar ?

**The Honourable Sir James Grigg** : The Honourable Member had better wait and see.

**Sir Cowasji Jehangir** : Is it the intention of the Government of India that the firm line will continue ?

**The Honourable Sir James Grigg** : The Honourable Member had better wait and see that too.

#### EXPUNCTION OF CERTAIN PASSAGES IN A QUESTION PUT BY MR. KABEER-UD-DIN AHMED.

**Mr. President** (The Honourable Sir Abdur Rahim) : The other day I was asked to consider whether certain passages in a question put by Mr. K. Ahmed should not be expunged as it contained very serious reflections on the Congress Members of this House. The passage is this :

“ Will Government be pleased to take steps and warn pensioners not to stand for any election, and if they do like to stand, they incur not only the displeasure of the public, but their pensions may be forfeited for the fact that most of the Congress Members take the money for their election expenses from the Bombay millowners and Ahmedabad millowners, and they do not include the expenses in the return of election expenses filed under section 19 of the rules for election to the Legislative Assembly under which many of the Members in the last election have come ? ”

At that time I could not quite follow the question, and, therefore, I said that when it is recorded I would look into it and give my ruling. It seems to me perfectly clear that the question involves a very serious reflection on one section of the House, and I, therefore, order that it should be expunged.

#### THE INDIAN COMPANIES (AMENDMENT) BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill further to amend the Indian Companies Act, 1913, for certain purposes, as reported by the Select Committee. I think the House was discussing amendment No. 181 by Mr. Susil Chandra Sen. Sir Nripendra Sircar.

“ That sub-clause (b) of clause 75 of the Bill be omitted, and the subsequent sub-clause (c) be relettered as sub-clause (b). ”

**The Honourable Sir Nripendra Sircar (Law Member) :** Sir, in the few minutes which were available to me yesterday, I made the point that if the provision approved by the Select Committee stands, it will really amount to passing off of a colourable imitation of chartered accountants as real ones. There was an interjection by my Honourable friend, Mr. Sri Krishna Paliwal : he asked " What has your Government done in India ? " That is to say, the point of his question was, what has been done by the Government of India in connection with accountants ? Sir, I shall very briefly, possibly in a couple of minutes, inform the House as to the position of Indian accountants in India. The first move for training accountants was made in the year 1925. The inquiries which were made by the Government of India in 1925 elicited the general opinion that the time was not ripe for having an institute or an association. The matter was dropped then in the end of 1925. It was taken up again in 1928, and in 1928 steps were taken to form what was known as the Accountancy Board. In 1930 the Accountancy Board was informally set up. The draft rules were published in the gazette. After the draft rules had been published this informal Accountancy Board met. The composition of the Board was that it consisted of members taken from firms of accountants and I may tell the House that two-thirds of the Board were Indians and one-third were Europeans. They were mostly if not all accountants, either partners or assistants in well-known firms of accountants. This Board met, as I said, in 1930 : they criticised and carefully considered the rules which had been published in the gazette, and it was there that they turned down the name or the designation which had been suggested by the Government of India, namely, certificated public accountants. And this Board, as I said, consisting of two-thirds of Indians, unanimously agreed that the proper term to be employed would be " Registered Accountant ". I may also inform the House that the agitation which is now going on at the instance of the Indian Society of Accountants and Auditors, Bombay,—now the gentleman who was in the Council of this Society was one of the members present who along with others unanimously agreed or rather approved of the term " Registered Accountant " rather than accept what was suggested by Government.

**Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) :** Did they disapprove of the term " Chartered Accountant " ?

**The Honourable Sir Nripendra Sircar :** They never claimed, they never thought of claiming to be chartered accountants ; they are not chartered accountants. After this, in their memorandum they say that this term has been coined for them by the Government of India. The facts will speak for themselves and I suggest that there is nothing to justify that observation made in the memorandum which has been sent by this Society. In 1932 the Auditors' Certificate Rules were published. This is really the first time that some amount of control over accountants had been started. That was in 1932, and that date is really important when we remember that these accountants now claim long traditions behind them, the period being three years and a half. I should also inform the House that in some other places, for instance, in the United States of America where accountancy has made greater advance than in any other country, they are called " Certified Public Accountants ", and that is the name which we suggested but which was not approved by the Board. In New Zealand they are called Public Accountants. Sir, the present position is this. I am making no comments, I am only stating what the

present position is. The present position is that this Accountancy Board is appointed by Government, that a register is maintained by Government, that the examination is conducted by Government and certificates are issued by the Government and the rules empower Government to cancel those certificates. Honourable Members will realise the difference between the South African State and our company law section 144. In South Africa, as well as in some other places, Acts were brought for the purpose of constituting an autonomous body of chartered accountants. Government has no control whatsoever as regards examination, as regards degrees to be given, or about taking away or cancelling their certificates. Those are bodies constituted, and under that Act this autonomous body is entitled to issue degrees or diplomas under which the holders of them are enabled to call themselves chartered accountants. I would also ask this Honourable House to remember as to what would be the effect if the present law is allowed to stand, coupled with the law which has been approved of by the Select Committee. Under the present law, section 144—and Honourable Members will notice that no notice has been given of any amendments for changing 144—under section 144 the position is. No one is entitled to act as an auditor until he gets a certificate from the Governor General in Council. Pausing there for one moment, it is mandatory for the auditor to get a certificate from the Governor General in Council, but so far as the Governor General in Council—if I may shortly call it the Government,—so far as the Government is concerned, the position is this. The Government may by notification and after previous publication make rules for grant, renewal or cancellation of such certificates, and without prejudice to this general right, they can provide for the maintenance of a register of accountants, prescribe the qualification and emoluments on the register, provide for examination of candidates and so on. The point which I am making is this. Supposing this provision made by the Select Committee is not changed in this House in spite of all that I can urge to the contrary, the legal position will be that under section 144 there will be nothing to prevent the Governor General in Council publishing new rules tomorrow and under those rules a certificate will be given only to holders of degrees from chartered accountants or incorporated societies. There is nothing to prevent that being done. This is not an idle threat, but we shall be driven to that position.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions : Non-Muhammadan Rural) : Unfair position.

**The Honourable Sir Nripendra Sircar** : It is far less unfair than calling people who are not chartered accountants, chartered accountants.

**An Honourable Member** : Oh, oh !

**The Honourable Sir Nripendra Sircar** : " Oh " is a good argument (Laughter), but there is better argument—I think Honourable Members know that under section 21 of the General Clauses Act, where under any Act powers are given to the Governor General in Council to frame rules, that implies that he can cancel those rules and change those rules. And in spite of the ' Oh, oh ', I would say that under section 144 there is no compulsion, no obligation on the Governor General in Council to hold any examination or issue any certificates, none whatsoever, and the Governor General in Council can lay down, under the provisions of section 144, that certificates will only be issued to persons who held diplomas

[Sir Nripendra Sircar.]

of a certain kind, namely, from the chartered accountants or from incorporated societies. It is unfair, I point out to my Honourable friend, Pandit Malaviya, that nothing can be more unfair than calling these gentlemen who have chosen the term Registered Accountant,—and after all, what else can they choose under this section? We have to maintain a register, there he is on the register, he is an accountant, he is on the register, and therefore registered accountant is all that he is entitled to. It is not like as in South Africa where there is no royal charter but the charter is constituted by their Act. The Act is the charter for the South African people.....

**Pandit Lakshmi Kanta Maitra** (Presidency Division : Non-Muhammadan Rural) : What about your assurance that Government will do something?

**The Honourable Sir Nripendra Sircar** : I said that something yesterday, my Honourable friend, Mr. Lakshmi Kanta Maitra, can rest assured that what I said yesterday I shall repeat today before I resume my seat. As a matter of fact, if one reads the memorandum which has been put forward by this Society, one cannot help noticing, whether they are good accountants or bad accountants, they are first class political intriguers, if I may use that expression. May I read from page 6 and ignore my Honourable friend, Mr. Saksena's inaudible interruptions? In page 6 of their memorandum they say this :

“ We should be allowed to carry on as accountants in our motherland.”

Now, that word “ motherland ” has already melted the heart of my Honourable friend, Pandit Govind Ballabh Pant.

**An Honourable Member** : Why should it not ?

**The Honourable Sir Nripendra Sircar** : Why not ? Well, let us see what is the reason behind it :

“ We should be allowed to carry on as accountants in our own motherland with a decent and self-respecting status, without any artificial device being imposed on us which would brand us, and incidently therefore the whole nation....”

That is the point that has done the trick. Their appeal to the motherland, to the nation has done the trick. We shall not therefore look into the reasons :

“ ..... and, therefore, the whole nation, with an inferiority complex.”

That is to say, there is nothing much to complain of, but our inferiority complex is due to the fact that these gentlemen who are not chartered accountants are called registered accountants. That is the appeal to nationalism, independence, flags and so on.

**Mr. K. Ahmed** (Rajshahi Division : Muhammadan Rural) : They should add “ Bande Mataram ”

**The Honourable Sir Nripendra Sircar** : Yes, Sir, you suggest that. (Laughter).

Then, Sir, the next thing was that a pathetic appeal was made and it is this. British accountants in India use designations of chartered accountants and their Indian colleagues who are equally well trained are denied this privilege. As I said, Sir, as politicians they are absolutely first rate. They have first of all taken the name of Motherland and

'inferiority complex of the whole nation'. They now take the most effective line, by starting it on racial lines, although there is no justification whatsoever as I shall proceed to show in a minute. He may talk of the Britisher. That is because that will appeal to some section of the House to vote at once for them but the fact is today at Calcutta, we have a large number of Bengalis—I daresay the same is the case in Bombay—but I cannot speak for Bombay—a fairly decent number, who are chartered accountants or who are members of the Incorporated Society of Accountants, which is also an effective three years course. Therefore it is not the Britisher but chartered accountants as such are affected and as a matter of fact I have received letters of protest and resolutions from Indians at Calcutta who object to this provision made by the Select Committee. (Interruption by Professor Ranga.) I will not take any notice of my friend's interruptions.

**Pandit Govind Ballabh Pant** (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) : He only wanted to know the proportion between Indian and non-Indian chartered accountants.

**The Honourable Sir Nripendra Sircar** : I shall be able to give it to you through the mouth of some other speaker.

**Sir H. P. Mody** (Bombay Millowners' Association : Indian Commerce) : Also incorporated accountants.

**The Honourable Sir Nripendra Sircar** : Surely they are not less than the Britishers. I will give you more accurate information later on. Then I would ask Honourable Members to see what has happened as the result of this provision. Clause 75 is the one which Mr. Sen by his amendment wants to be deleted. This provides that when so acting, that is to say, when acting in connection with these profit and loss accounts, balance sheets and so on, he is authorised to append to his signature, the designation Chartered Accountant, India. Well, Sir, therefore what is the position. Under this statute you can authorise him to use his designation. But what happens if he is looking into the accounts of a partnership firm or into the voluminous accounts of my friend, Sir Cowasji Jehangir, what will happen. The man cannot call himself Chartered Accountant, India, because he has nothing to do with company law. Therefore the anomalous position is this. The rule making power under section 144 is given to the Governor General in Council. Under Rule 12, they will be called Registered Accountants. They may go on signing the company's papers as Chartered Accountant but they will be called registered accountants because Rule 12 is there and as I said no attempt has been made to take away the powers of the Governor General in Council given to him by section 144. That is the position. If outside the company law, outside this provision this registered accountant signs himself Chartered Accountant possibly action may be taken against him but I won't go into that. This statute cannot possibly authorise him to do anything outside company law. That will be outside the scope of this Act and the result is he will sign himself as Chartered Accountant, India, on the profit and loss account but he will sign other papers in connection with other forms of business as registered accountant, which is the name he has got to bear under Rule 12, a name approved of by him.

Then, Sir, we have got the power to say that he can sign himself as Chartered Accountant, India. I am not questioning the power but I am

[Sir Nripendra Sircar.]

questioning the desirability of it and when it affects other people. We have the power for instance to say that any *durwan* in charge of company's goods will call himself Field Marshal, India. Or a company boat's serang will call himself the Rear-Admiral of India. You cannot help that. You cannot provide for all that in this Act but you cannot go outside the functions of the company law to give them any status.

**Mr. M. S. Aney** (Berar Representative) : Does the Honourable Member think that the distinction between a chartered accountant and a registered accountant is as big as the difference between a Commander-in-Chief and a *Durwan* ?

**The Honourable Sir Nripendra Sircar** : It is very difficult to measure the difference between the two but I have made some inquiries and I can assure my Honourable friend that in the case of the chartered accountant, the syllabus, the system of examination and so on are very much stiffer. That is the case with the Incorporated Accountant also, as compared to the examination held by the Government of India for giving certificates.

**Sir Cowasji Jehangir** (Bombay City : Non-Muhammadian Urban) : You have satisfied yourself on that ?

**The Honourable Sir Nripendra Sircar** : I can assure my Honourable friend that I have inquired of the very people who have examined them and who have seen the syllabus and I am absolutely certain that the two examinations are not the same. I am giving my own impressions. Other people may be able to give their experiences. The chartered accountant's course is a five years course and the incorporated accountants' course is a three years course and if I may use a colloquial expression it is easier than the former but the examination held by the Government of India and is not even up to the standard of the examination of the Incorporated Society.

Before I resume my seat, I would like to take notice of an interjection by Pandit Pant. He said it is not a fraud, he is referring to South Africa, to call themselves chartered accountants in South Africa. Yes, Sir. The answer to that is this. In all matters relating to goods or to the designations of professional people, or trade mark, the question is what a particular name signifies. If I say to Sir Cowasji Jehangir "I am a chartered accountant, will you allow me to examine your accounts ?" What will that signify ? Is it not bound to carry the impression that I belong to one of these societies and I have got a degree from them. Supposing I go to South Africa today and say "I am a chartered accountant" what will be the meaning conveyed thereby ? The chartered accountant there is now well established under the charter given to them. Their accountants are called chartered accountants, provided they get their degrees from the autonomous body created by the statute. Therefore the fraud here lies in the fact that the unwary may be misled to think that this man who calls himself a chartered accountant is really a chartered accountant. I would like to inform the House in passing that there are certain words which are not allowed to be used in connection with companies. I am not suggesting that an accountant is a company but in connection with companies why should those words not be allowed to be used ? Because it may mislead the public. If my Honourable friend will turn to clause 5 of the Bill, he will find that among the prohibited words in connection with the incorporation of companies are the words "municipal"

or "chartered" why? Because the public might be misled. That is why the word "chartered" is not allowed to be used unless there is good ground for it and the sanction of the Governor General in Council has been taken under clause 5. That is the very reason why in this case, with much greater force, I respectfully submit to the House, people who are not chartered accountants should not be allowed to mislead the public. Sir, before I resume my seat I shall answer my friend, Pandit Lakshmi Kanta Maitra's question. What I said yesterday and what I repeat today is this, that from the history which I have given beginning from 1925, this I submit so, quite clear.....

**Sir Cowasji Jehangir :** The Honourable Member did not mention what happened before 1925?

**The Honourable Sir Nripendra Sircar :** I did not mention it because, like about snakes in Iceland, nothing has to be said, as happened before 1925.

**Sir Cowasji Jehangir :** There are accountants today who are allowed to audit the accounts of companies by Government who existed before 1925. What happened to them?

**The Honourable Sir Nripendra Sircar :** Some of the accountants are seventy years old, they must have existed then, but my point is that, before 1925, no attempt was made by Government to have any control over accountants or any body of accountants. Of course they exist; some of them live very long,—these accountants—I know. (Laughter.)

**Sir Cowasji Jehangir :** There are numbers of them in existence.

**The Honourable Sir Nripendra Sircar :** I do not understand the reasoning of my Honourable friend. Why should they not exist?

**Sir Cowasji Jehangir :** I only point out that in giving the history of these men he did not mention what has happened to the men who were accountants before 1925.

**The Honourable Sir Nripendra Sircar :** Nothing happened; when, as I say, it was for the first time taken up in 1925, it follows that before 1925 there was no control or attempt at control by Government over accountants. They must exist, of course; that is not their fault, that is the work of their parents. (Laughter.) Sir, before I resume my seat I will answer the question of my friend, Pandit Lakshmi Kanta Maitra. I think I said yesterday and I repeat that the history shows that at any rate from 1925 the matter has been taken up by Government and they have not been unfriendly to the accountants: that in the very near future Government propose to take up the whole question. When I say "the whole question", I mean the subject-matter of the possibility of having a body of Indian accountants who will have a higher status, a status the same as or similar to that of those who are now known as chartered accountants, or a status similar to that. The whole of that question, viz., how it can be done, and when, if legislation is necessary, that legislation has got to be taken up,—these are all questions now very indefinite but which we intend to take up in the near future and I repeat what I said yesterday that this attempt to allow the accountants to enter through the back-door, in fact this attempt not to "enter" but "half enter" through the back-door, because, after all, outside company law they still remain registered accountants,

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will not only not help the body of accountants,—and Government are anxious to help them—but will be a definite retardation. I submit this amendment ought to be accepted.

**Pandit Krishna Kant Malaviya :** Sir, my Honourable friend, the Law Member, although he was not in one of his most devastating moods, was certainly in a most unchivalrous, unjust and merciless mood.

**The Honourable Sir Nripendra Sircar :** Where is the lady ?  
(Laughter.)

**Pandit Krishna Kant Malaviya :** He began by making most sweeping remarks about the poor registered accountants. He has called them political intriguers, men who are anxious to commit frauds, men who want to usurp the dignity of others and who want to enter by the back-door ; he suggested that they were men lacking in self-respect, men who wanted to deceive the unwary public. Sir, Aristotle thought that man is a social being, Carl Marx and others also of his way of thinking made out that man is always actuated by selfish motives, that classes always are anxious to crush the masses, Fraud and Jung have come to the conclusion that sexual instinct is the incentive for all our activities, and so on, but, Sir, it was left to the Honourable the Law Member to come forward and declare that our poor registered accountants only wanted to be chartered accountants because they are anxious to commit frauds and to deceive the unwary public. He has told us that the Government of India hold examinations and give the degrees.

Sir, this is exactly like what we have in our Military Department : the King's commissions and the Viceroy's commissions. The Governor General or the Viceroy in every-day parlance is said to represent the King but so far as the poor registered accountants are concerned, he cannot issue a royal charter ; and what these poor accountants feel is this, that in their own motherland they cannot rise to the highest positions. In spite of passing examinations, in spite of all that they may do, they will be dubbed as inferior beings. This is what they resent. They say that those of them that are not rich enough, who cannot go and live in a foreign country, can not rise to the highest and are dubbed inferior beings. They do not want any favours, they want fair-play. They declare, " hold your test, have your examinations, the stiffest possible that you can, but let us have opportunities to rise to the highest positions in our own motherland ". That is all that they demand. They do not say that they should be allowed to call themselves chartered accountants without passing any examinations. They want that they should be asked to enter if you like the stiffest examinations, but once they have passed those examinations, they should be allowed to rise to the highest status. Why is it that there is a glamour around the name of the chartered accountants ? Why is it that the Government of India themselves attach more importance to an examination which is held in a foreign country as compared with the examination which they hold themselves ? The Registered Accountants want that the Government of India should raise the standard of examination as high as possible. These accountants are proficient and are well up so far as their duties are concerned, and they say that they should be allowed to call themselves chartered accountants, or anything which will suit the Government of India and which will compel the latter to regard them as the best in this land, as those who can be compared with the best



in other lands. That is all that the registered accountants want. Sir, the Honourable the Law Member said that he has received protests from Indian chartered accountants who have been to foreign countries and have obtained degrees there. Sir, if such protests are heard then the old Indian Civil Service people would raise objection against those who pass the Indian Civil Service here. The registered accountants want that there should be simultaneous examinations here in this country if there is any glamour about the chartered accountants' examination there ; just as examinations are held here in the case of the Senior Cambridge and Junior Cambridge and the Indian Civil Service, why can't the Government have similar simultaneous examinations, like that of the Institute of Chartered Accountants, in this country also ? That is all that the poor registered accountants want. They want that they should have the same status in this country as the chartered accountants have in their country. My Honourable friend, the Law Member, gave the analogy of South Africa and the United States of America ; but he forgets that in the United States of America the accountants who pass the examinations held by the State there are held in higher esteem than the accountants who pass the examinations in England. This is all that the Indian registered accountants want. They want that the examinations which are held by the Government of India and the examinations which they are required to pass should be regarded as the best in the land and they should be treated not as inferior to the chartered accountants but, if not superior, at least equal to them. This is all that I have to say.

**Pandit Govind Ballabh Pant :** Sir, I listened to the speech of the Honourable the Law Member with the attention that it deserves and with the respect that a gentleman occupying his responsible position is entitled to. I intend to deal with this question in a dispassionate matter. I, however, regret that the Honourable the Law Member should have charged this poor class of accountants, who hold a very pitiable position and whose only offence is an effort to secure a title, the lack of which places them at a disadvantage, with fraud, intrigue, with their being imposters, opportunists and so on. He has poured his sarcasm on these people. I do feel that he has used heavy cannon to hit a fly. There are others here whom he can treat with his unparalleled and matchless powers of sarcasm and ridicule. But this small class of accountants who eke out a living somehow by their hard work and whose only offence has been an effort by direct appeal and representation to the Government and by trying to enlist the support of this House to raise their own status, should have come in for that withering scorn which is characteristic of the Honourable the Law Member. Sir, coming to the terms of this motion, I wish to request the Honourable Members of this House neither to be led away by the appeal made by those people in the name of motherland, which, let me hope, is not an anathema for anybody here, nor to be repelled because an appeal has been made in this manner. The position, as it exists today, is this. The most important work that any accountant or auditor can do or be called upon to do in this country can only relate to the accounts of companies. These registered accountants have, according to law, the authority and are considered to be competent enough to examine and certify the correctness of the accounts of firms like Messrs. Tata and Company, of which the figures run into millions. Therefore, so far as their competence and reliability are concerned, there is no dispute, for

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no man can be entrusted with work of a more responsible character than these registered accountants are required to do. They are considered to be efficient enough to examine and certify the correctness of accounts of any firm, however big and, however extensive its business may be, that is situated in this country. In the circumstances, it is, I think, reasonable to conclude that so far as their capacity, ability, sense of responsibility and respectability are concerned, they do not lag behind any other class of accountants. For whom do you require higher and better status? What superior functions are those people to discharge who are equipped with a better and nobler designation? Is there anything more responsible and more exacting possible in this land than the scrutiny of the accounts of the affairs of Tata Iron and Steel Works? If such firms can come under the scrutiny of these accountants and auditors, I see no reason why these people should be supposed to be lacking in qualifications, competence or efficiency. Can you ever conceive of anything more responsible being done now or hereafter by any body of accountants or auditors in this country than the checking of accounts of firms such as I have mentioned? When they can be credited with such work, I submit that they are entitled the best designation that we can give them and in these circumstances their request should not be treated as unceremoniously as it has been so far.

Then, Sir, the main arguments that the Honourable the Law Member has advanced, I think, fall under two heads.

12 Noon.

In the first place, he thinks that in other countries where there are chartered accountants a statute had to be brought in for this purpose and as we have not got such statutes here, therefore these people should not be called chartered accountants by means of an amendment to the Indian Companies Act. The second criticism is this. We have not got an autonomous body but the Government itself is in charge of this accountancy profession and accountancy board. Therefore, these people should not be called chartered accountants. Now, Sir, as to the latter argument, it seems to me really incomprehensible as to why the Government should not be prepared to call people, who are entirely under their control, chartered accountants if they are prepared to empower other bodies to give them that designation? It comes to this that because a person is entirely under my control and because I can regulate the syllabus, the examination and everything that has to be done with reference to the examination of accountancy, therefore he should not be called a chartered accountant, but if I were to entrust these duties to another independent person, then he can do so! That is really illogical. The Government has the plenary power to regulate the syllabus and the method of examination of these accountants; they are in sole charge of accountancy profession; there is no danger of the standard going down. There is no danger of these people being treated in a lax manner or in a very lenient way because the Government itself is in charge of the entire accountancy profession. It frames the curriculum, it prescribes the standard syllabus, it conducts the examination and everything else in this connection. But we are told that because there is no autonomous body in charge of this profession, therefore these people should possess a lower status. That is really a very preposterous argument. When we had independent

autonomous Universities dealing with the medical profession in this country and giving medical degrees, we were told that those degrees could not be recognized by other countries, especially by the United Kingdom, because there was no responsible Government officer to inspect and to examine the syllabus and the examinations of these autonomous bodies. That was the argument then advanced against the Indian medical degrees, that those people who got those degrees got them through autonomous bodies which were not subject to the control of the Government and consequently there was the danger that the standard might go down because the Government had no voice and therefore it was not proper to give them equal status with those who held medical degrees from the United Kingdom. That was the argument then pressed and we know how an Inspector of Medical Degrees was forced upon this country by the United Kingdom in order to control the autonomous bodies. That was the argument then. Now we are told that because the Government themselves are in charge of it and because there is no autonomous body, therefore these people are not entitled to be treated on an equal footing with the chartered accountants of the United Kingdom! What a contrast? How inconsistent it is! Then, Sir, the other argument was that we are not framing a self-contained statute. But who is responsible for it? What happened in this connection in 1930? I would remind Honourable Members that the major portion of section 144 of the Indian Companies Act was introduced by the amending Bill of 1930 and it had only one purpose, namely to regulate the profession of Auditors and Accountants generally. If Honourable Members will be pleased to look at section 144, they will find that no Act framed with the sole object of establishing a Board of Accountancy and of prescribing a designation for persons securing the certificates through such examinations could be more thorough than this section 144. I will read out to the House sub-section (2A) of section 144 which says:

“ In particular, and without prejudice to the generality of the foregoing power, such rules may—

- (a) provide for the maintenance of a Register of Accountants, entitled to apply for such certificates; ”

That is a Register of Accountants on the same footing as a Register of Medical Practitioners, or other qualified professional men, so it provided for a complete register for all qualified Accountants:

- “ (b) prescribe the qualifications for enrolment on the Register and the fees thereof ;
- (c) provide for the examination of candidates for enrolment and the fees to be paid by examinees ;
- (d) prescribe the circumstances in which the name of any person may be removed from or restored to the Register ;
- (e) provide for the establishment, constitution and procedure of an Indian Accountancy Board, consisting of persons representing the interests principally affected or having special knowledge of accountancy in India, to advise him on all matters of administration relating to accountancy, and to assist him in maintaining the standards of qualification and conduct of persons enrolled on the register ; and
- (f) provide for the establishment, constitution and procedure of local accountancy boards at such centres as the Governor General in Council may select, to advise him and the Indian Accountancy Board on any matter that may be referred to them.”

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I submit that if we had been passing a separate statute to deal with this profession of Accountancy, we could have placed nothing more than or different from what is contained in the section I have read out. This would have been the whole of the statute and it is already there. It controls and regulates the entire profession, it prescribes and provides for the constitution of a Board of Accountancy for the whole of India, for the formation of Local Accountancy Boards, for the registration of qualified accountants, for the control of their professional etiquette and all other things connected with the establishment, constitution and regulation of these Boards. Now, Sir, are we to be blamed because this provision forms part of the Companies Act and is not a separate statute by itself? That can be the only objection. Otherwise, every relevant factor which can have a bearing on a matter of this sort is there, and that was the reason why this Bill was framed and passed and ultimately included in the Companies Act of 1930. We have been told that there is no statute. I will tell you what happened in 1930 and what the Government then said. The Government said that they were leaving these matters to be decided by rules so that there might not be rigidity; otherwise they would have passed an Act giving greater details even. I may refer to the speech of Sir George Rainy who said :

“ Sir, I should like to explain the reason why we do not propose that the constitution of the Accountancy Board should be settled by the Act itself but should be left to rules. That was a decision which was arrived at only after very full and careful consideration. What we feel is that if the constitution of the Board were finally settled by the Act, the scheme would become too rigid, etc., etc.”

So the statute is there, the statute was framed with this purpose, and a certain amount of elasticity was provided in the statute so that it may be adjusted in the light of the changes occurring from time to time. This is as good a statute as any passed by South Africa, Canada, Rhodesia or any other country. In these circumstances a separate statute is not necessary. Let us go further and see what did this statute provide? The section says :

“ The holder of a certificate granted under this section shall be entitled to be appointed and act as an auditor of companies throughout British India.”

Then, there are rules framed under this section which are very elaborate and provide that persons getting certificates in this manner will be called Registered Accountants. The only thing that we urge is this : that it is for you to regulate the curriculum, it is for you to prescribe the standard : you need not call them Registered Accountants, but call them Chartered Accountants (India). I must say here that Government have failed to carry out the recommendations of the Indian External Capital Committee. I may inform Honourable Members as to who were the Members of this Committee which is well known as the External Capital Committee. They were Sir Basil Blackett, Sir Charles Innes, Mr. Bell, Dr. Maitra, Mr. G. A. Natesan, Sir P. S. Sivaswami Aiyer, Pandit Madan Mohan Malaviya, Mr. Vithalbhaj J. Patel and Mr. Wilson. The External Capital Committee unanimously recommended in 1925 that steps should be taken to establish the order of Chartered Accountants in this country. Parenthetically they suggested “ that the formation of an all-India Institute of Chartered

Accountants would appear to provide means of meeting the suggestions of Dr. Slater referred to in the preceding paragraphs. We do not wish to go into further detail on the subject of banking education beyond emphasizing its importance, but we feel that its investigation would lead to useful results". This was the unanimous recommendation of this body in 1925. What have the Government done up-to-date to carry out their recommendations? If there are anomalies, who is to blame for it? Why did they not take steps to establish this order of Chartered Accountants in this country as recommended unanimously by this Committee in 1925 and since then twelve long years have elapsed, but no steps have been taken to establish this order of Chartered Accountants in this country; and the reasons are obvious. Even if you analyse the statement of the Law Member today you will find how guarded it is. He says that Government will examine the situation with a view to see if something cannot be done to secure for the accountants a status similar to that of Chartered Accountants. This status in reality they already have; they are discharging all the duties which the Chartered Accountants perform. But the difference is only this, that while the members of the Indian Civil Service are called I. C. S. the members of the provincial civil services in our country performing duties even more onerous and responsible, because they are brown in colour, are called P. C. S. and get lower salary and emoluments. That is the main difference. So far as the status in the matter of duties and responsibilities goes, I do not see any distinction between the two. The fact remains that a registered accountant is an Indian,—registered accountants are exclusively Indian,—but so far as Chartered Accountants go, within that charmed circle of fine fairies only a few lucky Indians are admitted. So, Sir, the difference is not altogether non-racial. Now, Sir, we are told that it is a fraud. If it is a fraud we should certainly take care that whatever be the reason and however sound be our motive we do not make ourselves parties to the fraud. But which is a fraud? Is it a fraud to give people a different name, to make an invidious distinction between one class and another when both perform the same set of duties and discharge the same responsibilities, and to exclude one of those classes from a popular name which prejudices them in their own country; or is it a fraud to claim that if their duties are coeval, if their responsibilities are similar, they must also possess a similar name? I should like to know where the fraud lies. With whom, and who is responsible for it? If we were told that these people cannot discharge certain responsibilities, that it is not within their competence to do certain things which other people alone can, and that under the cover of this name they will arrogate to themselves a position and powers which they do not possess, there would be some ground for such criticism. But the fraud is there when you call a man an I.C.S. and the other P.C.S. simply to serve your own purpose. For real purposes all P.C.S. people are entitled to be, called I.C.S. I see who practices the fraud, I see where the canker lies.

Sir, we were told that if these people are called Chartered Accountants, others are likely to be misled. This is the first time that we have come to know that if a person calls himself a Chartered Accountant with "India" within brackets,—I have no grievance. If the Honourable the Law Member and the expert in charge of this Bill does

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not care to listen to what I say, because I know that no argument will appeal to them. Their minds are made up and their opinions are already formed, I have no quarrel if they do not even give themselves an opportunity of listening to arguments lest their reason be embarrassed. Coming back to the subject, I was talking of fraud. The other day my friend, Mr. Paliwal, gave a list of about 15 countries where every person who is qualified to audit accounts of companies is entitled to call himself a Chartered Accountant. Sir, why should it be supposed that if we call ourselves "Chartered Accountants (India)" we are referring to Glasgow and Manchester and Liverpool and Kimberley and Timbuctoo only? Why should it not be supposed that I may be a Chartered Accountant according to the charter possessed by Nova Scotia or Newfoundland? But if these 15 countries have been allowed to play this fraud on the people of their own as well as other countries, let us follow in their wake and be the sixteenth in order. But, Sir, we are told that in those countries there might have been no occasion for misapprehension. But, even in those countries the phrase "Chartered Accountant" happened to be popular and those in power thought that their own nationals were subjected to an artificial disability by being denied the title of Chartered Accountant. Their state was similar to our present state, and in those circumstances they decided to introduce the title "Chartered Accountant" subject to their own regulations for the nationals of their own country. But at the moment it started the reason was exactly similar to the reason which has forced our hands today. Does Sir Homi Mody really think that an ordinary company manager here really knows the difference between a registered accountant and a Chartered Accountant? Why does he favour a Chartered Accountant at the cost of a registered accountant?

**Mr. N. M. Joshi** (Nominated Non-Official) : Snobbery.

**Pandit Govind Ballabh Pant** : Yes. The difference is that the man has only heard the name Chartered Accountant. The name Registered Accountant is not known; so men who have gone through the fire here and possess similar qualifications are denied the opportunity which they are entitled to because of the wrong designation. And why should this invidious distinction be made in the name? Sir, we were told that in all these countries statutes were passed and autonomous bodies were formed. Here is a provision in this Act. Why do you not form an autonomous body here? Who stands in your way? You do not form an autonomous body because you do not trust the Indian accountants. On the other hand you use that argument for not giving these people the status to which they are entitled. Sir, I submit that from whichever point of view you may look at it, these people are entitled to be called Chartered Accountants (India). We were told that it is a fraud. How is it a fraud? We have had to fight,—does not Sir Homi Mody know?—for about 50 years in this country to secure the status of Advocates for Vakils. We were told that only Barristers could be called Advocates and not Vakils.

**Sir H. P. Mody** : Will you allow Advocates to be called Barristers? Ask your Leader.

**Pandit Govind Ballabh Pant** : Now Barristers are called Advocates as much as Vakils are called Advocates. I am not concerned with anything else. I want a common status for all of them; but I am prepared

to offer a compromise, and it is this. Let it be a rule that even Chartered Accountants practising in this country will be called Registered Accountants. They will be registered in the registers here before being given any license for auditing.

**Sir H. P. Mody** : They are registered.

**Pandit Govind Ballabh Pant** : I agree. If they are registered, call them also Registered Accountants. Do not accept their status as Chartered Accountants as adequate for the discharge of their duties here. It is because they are registered here that they possess those qualifications. Eliminate that phrase "Chartered Accountant"; call them Registered Accountants. Make it penal for anybody to call himself a Chartered Accountant here, and I will not quarrel. Let all be called Registered Accountants. That also will satisfy my sense of national pride; it will give me equality with other alien people. At a time like this, Sir Homi Mody perhaps knows better than anybody else, what practice obtains in the United Kingdom and France. There are statutes to the effect that you cannot engage non-nationals as domestic servants in the country without a license from the Minister in charge of the Interior. That is the law in France, that is the law in the United Kingdom, and in several other countries. And in Germany perhaps Sir Homi Mody may be taken as a Jew and shot. (Laughter.) Leaving that alone, the fact remains that, while all other countries have restricted employment within their own borders to their own nationals, here we are told,—'we should not do justice to Indians as such course will be at the cost of the privileges, prerogatives, and special advantages enjoyed by non-Indians in this country'. Well, Sir, that is an argument which does not appeal to men like me.

I think His Excellency the Viceroy told us the other day in the course of his speech that the question of middle class unemployment was causing him a great deal of concern.....

**Mr. M. A. Jinnah** (Bombay City : Muhammadan Urban) : May I ask for some information? Where is the distinction made between Chartered Accountants and Registered Accountants either under the Indian Companies Act or under the rules?

**Pandit Govind Ballabh Pant** : Up to this time I had thought there was no distinction made, but when I was told that it is a fraud to allow these people to call themselves Chartered Accountants, then I discovered that there was some distinction in the background to hit these people, otherwise, so far as the performance of duties and the discharge of responsibilities go, these people are as fully qualified as the Chartered Accountants, with this difference that Chartered Accountants get higher fees.....

**Sir Cowasji Jehangir** : May I point out that the question put to him was, "where is the distinction made in our Companies Act as it stands today between a Chartered Accountant and a Registered Accountant"? The answer to that question is that under rule 12 all those who get certificates should be called Registered Accountants.

**Pandit Govind Ballabh Pant** : I am thankful to my Honourable friend, Sir Cowasji Jehangir, for answering the question he put.

**Mr. M. A. Jinnah** : That is not an answer to my question. My question was—is there anything in the Companies Act or under the rules framed by the Governor General in Council which prohibits any company employing a Registered Accountant or a Chartered Accountant, as the case may be.

**Mr. Susil Chandra Sen** (Government of India : Nominated Official) : There is no such distinction.

**Pandit Govind Ballabh Pant** : Much lies in the....

**Mr. M. A. Jinnah** : I am only getting information.

**Pandit Govind Ballabh Pant** : So far as responsibilities and duties go, nil, so far as designation and names go, yes.

**Mr. M. A. Jinnah** : In whose opinion do they carry a higher status?

**Pandit Govind Ballabh Pant** : In the opinion of these Registered Accountants who have been treated so badly all these years.

Well, Sir, I was referring to the speech which His Excellency the Viceroy made here a few weeks ago. In the course of his speech His Excellency expressed grave concern over the question of middle class unemployment in this country, and he thought that the Government must address itself to this question as one of the foremost questions of the day. Well, Sir, I have no doubt that His Excellency the Viceroy was perfectly sincere, but what about his Government? How are his intentions to be translated into action? Whatever avenues there are, they are all blocked for middle class educated men. Privileges are given to people who do not belong to this country, and the gates are open to those who come from outside. I say, Sir, the present arrangements work to the disadvantage of our people and our country, and that is the reason why I want this change.

One word more, Sir. We are told that they will write "Ind." against their name, but it will be in obscure illegible letters which will not perhaps be visible without a microscope. Sometimes one may require a telescope to distinguish the faces of his own country men sitting opposite to him. I do not quite see what their colour is, what their complexion is, what is in their heart,—I do not know if they have a soul or not. For that I require a telescope, though they are sitting just opposite to me. So it may be necessary to have a microscope for looking at these letters. But, Sir, is there no remedy to be found for this, while these unscrupulous people may put in the letters 'Ind.' in that obscure, illegible manner, is there anything to prevent others from advertising "Non-Ind." in blazing waving lines that may be seen from a distance of 101 miles. Sir, we have M.A.'s and LL.B.'s as in Cambridge, but our people do not put 'Ind.' after their degrees. There are mechanical Engineers again qualified in England as in India. Are not their titles common? Are we thereby defrauding the employers? This glamour for foreign degrees and diplomas will continue under this hypnotism of foreign rule. We are told that we are suffering from an inferiority complex. I do not mind suffering from an inferiority complex if it goads us on to a superior status, but I do not want superior arrogance if it tends to perpetuate an inferior status. So I want the House to look at this question quite dispassionately. I am not very much concerned in the course of this debate with the result of our motions and



amendments. Many of them have been thrown out, to which we attached great importance ; some of them have even been misunderstood. We do not worry, but it is our duty to place before the House, according to our lights, the correct and the right view. We do not claim any infallibility, and it is for this House to judge, whether we are right or wrong. But my appeal to my friends is this. If you are satisfied that the case of these people is right, then do stand by them.

**Sir Cowasji Jehangir :** Mr. President, I fail to see the anxiety of some of my friends to curtail the debate, because, after all, it has become rather an important question that we are discussing now. I also regret that the Honourable the Law Member is not able to be present here due to indisposition. It is difficult to criticise his speech in his absence, and if I do happen to criticise it, I hope he will excuse me for my having to do so in his absence, because his absence is due to reasons over which he himself has no control. I am afraid his speech was most unfortunate, . . .

(At this stage, the Honourable the Law Member entered the Chamber.)

I was just saying, Sir, that we regretted that your absence was due to indisposition. We all trust, after the strenuous time you have had over this Bill, you will soon be restored to your usual health. As I was just saying, in my humble opinion, the Honourable the Law Member's speech was particularly unfortunate on the present occasion. There is no crime in anybody of professional men making a memorial to Government stating that they desire to have in their motherland the same status, the same position as any one else, be they their own countrymen or not, educated in a foreign country. There is no crime in drawing the attention of Government to their feelings of disappointment, after years of petitioning, at not being allowed to have that status in their own country. . . .

**The Honourable Sir Nripendra Sircar :** What is this about years of petitioning ? When did they petition ?

**Sir Cowasji Jehangir :** They have been mentioning this to me since 1930, and I have had occasion to argue in this Honourable House, in that very debate which was quoted by the Punditji,—that they should be allowed to have the same status in their own country, while doing the same work as men educated in England or Germany or France. Sir, in doing that I consider they committed no crime: I consider that they have been fulfilling a duty and if this sort of argument had not been placed before the Government during the last fifty years, we would have had no advocates, we would have had no LL.Bs. and we would have had no professional men. What are these men asking for ? They ask that an examination should be instituted in this country, as strict as you like to make it, which will enable this country to produce the professional men called Chartered Accountants (India). They ask for no more than what has been done in South Africa, in Australia and in Canada. In South Africa you have chartered accountants who come into existence after passing an examination : it may be that their examination was the result of a statute, that their charter was the result of a statute ; but as the Punditji pointed out, the registered accountants are also under a statute ; the statute is the Companies Act ; and section 144 of the Act provides that they shall pass an examination. My point is, having passed that

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examination, regardless of what they are called, they shall be in a position to carry on their profession of accountancy just as efficiently or as inefficiently as any chartered or incorporated accountant in India.

Now, my Honourable friend, the Leader of the House, gave a short history of accountants in India. There were accountants in India before 1925. They audited accounts and nobody challenged their authority to do so ; and many of those men are alive today, men who had not passed the examination specified in section 144, and who are still efficiently doing their work as accountants. They are not called registered accountants : they have a register of their own and they will soon naturally die out. In the same way, the registered accountants say : " You have made us pass an examination : you now call us registered accountants : why do you not put us on the same basis and give us the same status that accountants have in different parts of the Empire ? " Is it a crime to aspire to be put in the same position in India as the South African is in South Africa ? Is it a crime to desire and petition Government that they should in future give Indian accountants the same position and the same status that a Canadian has in Canada ? I cannot understand this excitement and this strong language used against a class of men who desire and who petition to have their status improved. I do not desire to take up a considerable amount of the time of this Honourable House. The crux of the question is, what is the assurance that the Honourable the Leader of the House has given to this House ? He states—and I trust he will correct me if I do not interpret what he said absolutely correctly—that Government undertake to look into this question at a very early date : that they will see to it that accountants in the future will have the same status as chartered accountants have today in India. If the Honourable Leader of the House will, since he is in his seat, kindly give me his attention for two or three minutes—I will not worry him longer because I really think that we are inflicting upon him speeches just now when he is perhaps least capable of hearing them and listening to them—I understood him to say that the assurance he gave on behalf of Government was that they would look into this matter at a very early date. If legislation was necessary, they would legislate to put Indian accountants in the same position and give them the same status as is enjoyed by chartered and incorporated accountants in India today. Am I correct ? But he did not state in categorical terms that the result of that examination would be to turn out men who would be entitled to call themselves Chartered Accountants (India), similar to the statute in South Africa and similar to the position held by Canadian accountants in Canada. The assurance that I desire to have from my Honourable friend is this : that whatever investigations he makes, whatever examination the Government finally decide to have, the result of it all will be that those who pass those examinations will be entitled to call themselves chartered accountants (India), just the same as accountants do in South Africa and Canada. That is the assurance I desire to have. My Honourable friend, I trust, will be prepared to add those few words to the assurance he has already given ; and I see nothing wrong in it. If I did, I would not press for it. I will again repeat that if South Africans can have the status of being called Chartered Accountant (South Africa) and Canadians can have the status of being called Chartered Accountants (Canada), there is no reason why Indians should not be called chartered

Accountants (India) provided they pass the examination which Government under statute decide they should, to entitle them to have that title and that status. That is what I ask for. Now, Sir, just one word about our registered accountants. My Honourable friend, the Leader of the House, has characterised them in rather strong language. But let me tell this House from my own personal experience that I have found our registered accountants no inferior to the best chartered accountants that have come out to India, and to me, as an individual, there is no glamour in the title "chartered accountant".

**The Honourable Sir Nripendra Sircar :** Then don't worry about it.

**Sir Cowasji Jehangir :** I am only one, but there are many others who are misled. Because the fact that a man happens to be a chartered accountant or an incorporated accountant signifies nothing to me till I see his work, and I have known cases where chartered accountants have been very poor specimens of their profession, and I have known registered accountants who have been first class professional men in their own work. I have also been informed,—my information may, or may not be accurate, but it comes from a good source, *viz.*, the men who have been examiners for these registered accountants—that the syllabus which is now laid down for registered accountants is no inferior to the syllabus laid down in England.

**The Honourable Sir Nripendra Sircar :** That is wholly wrong.

**Sir Cowasji Jehangir :** I may be incorrect, but that is the information given to me by a man who is considered to be an authority on this question, who is himself an incorporated accountant and who has been an examiner. I may be wrong. If I am wrong, it is up to Government to tighten up the examination to make it one deserving of this country and of the men whom, we trust, we shall have in the future. The difference is that an Indian going to England for three or four years naturally is in a different atmosphere to that in his own country, and naturally he has perhaps better opportunities of gaining experience. That is certainly an advantage, and I would be the last to deny the advantage that is gained by an Indian who lives in Europe for two or three years. I do not deny that advantage, but my information is that that is the only difference. I do not know whether my Honourable friend, the Leader of the House, is prepared to augment his assurance to the extent I have stated.

**Mr. Sami Vencatachelum Chetty** (Madras : Indian Commerce) : He is in a cantankerous mood.

**Sir Cowasji Jehangir :** No. Without the Leader of the House this Bill would never have gone through ; it was his great legal acumen.....

**The Honourable Sir Nripendra Sircar :** It has not gone through yet.

**Sir Cowasji Jehangir :** It will go through, and if it does not go through,....

**Some Honourable Members :** It will go through.

**Sir Cowasji Jehangir :** ...and if it does not go through, well, my Honourable friend knows that there are not a few men who are not going to weep. At any rate, this question is a very peculiar one, it does not really affect the Companies Act ; it has crept into it. I again repeat, I

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am sorry I have to repeat it so often because I get no response, (Laughter), if the Honourable the Leader of the House would be prepared to augment this assurance of his, this side of the House would be very pleased indeed.

**The Honourable Sir Nripendra Sircar** : I did not know that you speak for that side of the House. (Laughter.)

**Sir Cowasji Jehangir** : I have a right to speak for this side of the House, because I sit on this side of the House. I have as much right to speak for this side of the House as the Honourable Member has to speak for that side, and I do speak for this side of the House ("Hear, hear" from the Congress Benches), and this is not the first time that I have done it. If that pleases the Honourable Member any better, I will say, I will be very pleased—not this side of the House, but the individual myself, and perhaps that will mean one vote. The Honourable Member will realise that even one vote is important. I will be very pleased if the Honourable Member would augment his assurance to the extent that the result of Government's investigations, the result of tightening up the machinery of producing these accountants will eventuate in our Indian accountants being called chartered accountants (India), in which there will be no fraud—if there is fraud, the fraud is all over the Empire.....

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : The Empire itself is a fraud. (Laughter.)

**Sir Cowasji Jehangir** : .....in which there will be no fraud and in which Indian accountants shall enjoy the same status, the same position, the same dignity, the same capacity of earning a livelihood in India as the South African in South Africa and the Canadian in Canada. If that assurance will be given by my Honourable friend it will please me individually.

**The Honourable Sir Nripendra Sircar** : Then you will vote for me ?

**Sir Cowasji Jehangir** : I will go further and say that if the Honourable Member will give that undertaking just now, that assurance, may vote will be with him.

**The Honourable Sir Nripendra Sircar** : The vote of that side ? (Laughter.)

**Sir Cowasji Jehangir** : Just now my Honourable friend said that I was not representing any side and I am representing myself. You cannot deny.....

**Mr. President** (The Honourable Sir Abdur Rahim) : We cannot have such bargaining for votes across the floor of the House.

**Sir Cowasji Jehangir** : Mr. President, that is done every day of our lives here. The very essence of the Legislature is compromise and bargaining, and without compromise and bargaining we can never go ahead. I make a good proposition to my Honourable friend and I trust that he will be agreeable to my suggestion and augment that assurance as I have suggested.

**Mr. M. A. Jinnah** : I am rather in a delicate position, because the Leader of the House says that he will not give any assurance or any undertaking on behalf of the Government unless I secure to him every vote of every Member on this side..... (Laughter.)

**The Honourable Sir Nripendra Sircar** : I did not mean that.

**Mr. M. A. Jinnah** : Government ought not to go by that, and my Honourable friend, as usual, was indulging in a little joke. When my Honourable friend, Sir Cowasji Jehangir, spoke from this side of the House, of course, he is in the opposition but his is the mildest opposition on this side. (Laughter.) The opposition is of a varying degree, and as it goes more and more to my right, it increases in volume.

**An Honourable Member** : Except Sir Homi Mody.

**Mr. M. A. Jinnah** : Nevertheless we claim to be the Opposition of the Government. Now, coming to the subject itself, I have been trying to understand what the real dispute is. As far as I can see, section 144 of the present Act runs as follows :

“ No person shall be appointed or act as an auditor of any company other than a private company unless he holds a certificate from the Governor General in Council entitling him to act as an auditor of companies.”

I take it, therefore, that whether he is a registered accountant or whether he is a chartered accountant he comes under this section 144, that is to say, he must hold a certificate before he can be appointed an auditor of any company. Therefore so far as that part of 144 is concerned, it seems they are all on the same footing. Then the provision is made that the holder of a certificate granted under this section shall be entitled to be appointed and act as an auditor of companies throughout British India. Now, there are two points that strike me. The reluctance on the part of the Government to allow them to append their designation as Chartered Accountants (India) can only be on one ground—that at the present moment the Indian or the registered accountants are not so well qualified as those who are chartered accountants holding a certificate from Great Britain and having been registered here. If that is the ground, namely, that there is a marked difference in the capacity or the qualification of these auditors, then that is a very different question altogether. Then the answer to that is that it is high time that the Government of India did take steps to lay down such qualifications or alter the syllabus in such a way that they may also acquire that high efficiency and those high qualifications which would enable them to designate themselves as Chartered Accountants (India), in the same way as in Australia, Canada or South Africa. Therefore, I do ask the Government that if that is the real reason, they ought to give an assurance to this House that they will take immediate steps to create those institutions and those conditions where an Indian can stand on the same footing as anybody else.

**The Honourable Sir Nripendra Sircar** : May I interrupt my friend, if he will permit me. Possibly my friend was not here yesterday when I spoke. Perhaps I may repeat what I said this morning, because some of my friends were not here. What I said was that the whole question of the possibility of having a body of Indian accountants here, who, without the trouble of going to England, will acquire a status which will be the same or similar or near to that of chartered accountants, will be taken into consideration by Government and in the near future. That is the language I used, they intend to take steps for investigating that end. What I cannot commit myself to at the present moment—I may be in a better position to have some idea a couple of months or

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so after—is as to what exactly the steps are which have got to be taken and in what direction and what we shall have to do. But what we are quite prepared, as I said, to do is to make inquiries and to explore all avenues to find out what may be done and whether legislation will be necessary. There has been legislation in other parts of the Empire. That is one of the possibilities which Government have got to seriously consider and they have not the slightest objection to take up that legislation, should ultimately that be considered necessary. If I did not answer in response to my friend Sir Cowasji Jehangir, it was because I thought I had made the position perfectly clear but if it is not clear, I will say once more that the object which the Government of India have in mind is the desirability of having a body of Indian accountants here with higher status. That is the proposition which we want to examine in the very near future. If there is any further point which my friends want to be cleared up, I am in a position to meet them.

**Pandit Krishna Kant Malaviya :** I want to know from the Honourable the Law Member whether we could take the words “in the near future” to mean that it will not be far beyond 1937.

**The Honourable Sir Nripendra Sircar :** I did not mean beyond 1937. I meant that the matter and the possibilities are to be considered in near and not remote future. The consideration is expected to start before 1937 is over.

**Pandit Govind Ballabh Pant :** There is one point I want to put to the Honourable the Law Member. I want to know whether after the Government have taken measures to have men of this status, they will be prepared to give them the designation of “Chartered Accountants, India”?

**The Honourable Sir Nripendra Sircar :** If legislation is necessary, then that is a matter which has got to be put before the Legislature. I did not want to go into it further because the whole thing is in a nebulous condition, and legislation is only a possibility.

**Pandit Govind Ballabh Pant :** That is the whole issue.

**The Honourable Sir Nripendra Sircar :** It is quite possible that Government may after inquiries will come to the conclusion that while on the one hand we should have one set of Indian accountants who may have the status and the designation of “Chartered Accountants”, or something similar, on the other hand we ought to have another class with lower qualifications who on smaller fees may be available for responsible work. These various matters, as I said, are in a nebulous condition. I cannot be definite about them but I am quite definite about what I said namely, that the whole matter will be taken up in the immediate future.

**Pandit Govind Ballabh Pant :** May I take it that while there will be people who will be qualified to do inferior work by way of audit and accountancy who will not possess the qualifications and the superior status and will consequently not be called “chartered accountants”, there will nevertheless be a class of people who will be fully qualified and will be called “chartered accountants”?

**The Honourable Sir Nripendra Sircar :** You are right, except in this, that we have not made up our minds as to whether there will be the two classes or whether there will be only this superior class. As I said, the whole thing is in a nebulous condition, even the necessity of legislation, and the designation.

**Mr. M. A. Jinnah :** I think I will accept the statement of the Law Member, speaking as he does on behalf of the Government. So far as this question is concerned, I will not pursue it any further. But I want to make my position more clear generally. At present, there is nothing at all to prevent any company from appointing an auditor who holds a certificate, whether he be a chartered accountant or a registered accountant. One is as good as the other within the meaning of the statute. Apart from the qualifications, my friend, Sir Cowasji Jehangir, pointed out that there are certain Indian Registered Accountants who are far more efficient and far superior to any chartered accountant. We have got instances in other professions also.

**The Honourable Sir Nripendra Sircar :** That is quite possible.

**Mr. M. A. Jinnah :** One fact remains, that there is no bar whatever so far as the companies are concerned from appointing any auditor they like, whether chartered or registered. If the fact is that the essential matter as to the qualifications are still in doubt until we get that new legislation, would it be desirable that all the registered accountants should be allowed to append and style themselves as chartered accountants, (India) ? Would it be desirable ? And don't you think that in the present state of things when there is no bar, it is for each company to decide the matter for itself. Take for instance the case of a litigant. If an ordinary litigant attaches more importance to me than to my friend, the Leader of the Opposition, and says " Well, Mr. Jinnah is a barrister while my friend, the Leader of the Opposition, is an Advocate ", who is to blame ? In the Bombay High Court, we stand on the same footing, we have the same rights and the same privileges, and if some misguided person attaches more importance to me because I am a barrister, well it is his misfortune. (Laughter.) My friend, the Leader of the Opposition, may be far superior. Therefore, Sir, it really comes down to this. A glamour is attached to Chartered Accountants, and there are some companies who will be so foolish as to appoint a Chartered Accountant, who may not be sufficiently competent as compared to a far more competent Registered Accountant.

**An Honourable Member :** Certain Banks insist upon Chartered Accountants.

**Mr. M. A. Jinnah :** If they do so, it is their misfortune. The crux of the whole matter is that the Government of India should take immediate steps to carry out what the Honourable the Leader of the House has just said, and as they have given an assurance, they must carry it out without undue delay. Mind you, I stand for Indian talent, I want free scope for Indian talent, I want complete privileges and same rights as those given to anybody else in my country. (" Hear, hear " from Congress Benches), but let us proceed in some methodical manner. I do hope that the Government will not any longer delay in taking up this matter.

1 P.M.

**Several Honourable Members :** The question may now be put.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions : Muhamadan Rural) : Sir, the position of Chartered Accountants is very similar to the position of degrees granted by the universities. We know that in England, universities are always created by a Charter, and the Universities are alone entitled to give degrees. In India the Universities are created by an Act of the Legislature, they are corporate bodies, and they alone are entitled to award degrees. Suppose tomorrow the Education Department of the Government of India by means of legislation begin to award the B.A. or M.A. degree, I am perfectly certain that everybody will protest that this is the exclusive privilege and right of the Universities which are corporate bodies and created in India by an Act of the Legislature and in the United Kingdom by Royal Charter. The same is the case of the Chartered Accountants. The diploma of Chartered Accountancy is always given by a chartered body ; it is a corporate body and it is entitled by Royal Charter to award these diplomas. But in India the position is different. The question of charter can be taken up by the Legislature, and unless we create in India a body corporate, it is not possible for any Government Department to award this distinction. However much the Government may desire to change the nomenclature from Registered Accountants to Chartered Accountants, they cannot do it. This privilege is confined to a body corporate created by an Act of the Legislature, and therefore the first thing to do is to create a body corporate who may be entitled to give the title of Chartered Accountant in the same manner as is done in the United Kingdom. Therefore, Sir, in this particular Act we cannot possibly change the word "Registered" into "Chartered" Accountants, because nobody in India is authorised to give this particular title unless you create a special corporate body by an Act of the Legislature.

The second thing is this, there should be no delay in creating this corporate body for giving the title of Chartered Accountant in India in the same manner as is done in the Dominions. As regards registration, it may be left to the Government to register any person they like. They can register some of the accountants who have taken the title of Chartered Accountant from an Indian corporate body or an English body or for that matter from any corporate body which is entitled to give the diploma of Chartered Accountant. I submit, Sir, it is not right to use the words 'Chartered Accountant' unless and until by means of an Act of the Legislature we create a corporate body with powers to give people this particular distinction. With these few words I support the motion.

**Several Honourable Members :** The question may now be put.

**Mr. President** (The Honourable Sir Abdur Rahim) : Several Honourable Members want to speak. The Leader of the Opposition wanted to speak on this amendment, but he is not here. I can't put the question now.

The Assembly then adjourned for Lunch till Twenty-Five Minutes Past Two of the Clock.



The Assembly re-assembled after Lunch at Twenty-Five Minutes Past Two of the Clock. Mr. Deputy President (Mr. Akhil Chandra Dutta) in the Chair.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division : Non-Muhamadan Rural) : Sir, in view of the discussion that has taken place, I do not wish to occupy the time of the House longer than is necessary. At the same time, I consider it important to analyse section 144 as it stands at present with the rules. And what is it that we desire to have even better than the existing legislation? Under section 144 as it now stands, the position is somewhat analogous to what my friend, Mr. Jinnah, described at the Bar. Without being admitted as an Advocate, nobody is entitled to practise, though the qualifications for such admission are, either the man has called to the English or the Irish Bar or that he has passed an examination in India prescribed by the Judges, or after a certain amount of standing, the Judges may dispense with it. In other words, they belong to the same class, and every one of those items is a qualification for belonging to that class. That appears to be the view taken by the rules 6 and 7 which are framed under section 144, and the only question that remains really is that, while the minimum qualification is prescribed as being sufficient, a possible choice between persons of that class may arise adversely by reason of a certain name given to a small section of it, and when you come to rule 12, it prescribes the name. Therefore, within the limits even of the present legislation, it is certainly competent to the Government under the powers conferred on them to give any designation they think right and proper to the class qualified for the purpose under section 144. Rule 12 says this :

“ A person enrolled on the Register shall be entitled to style himself ‘ Registered Accountant ’ or where he practises under a trade name such as Ram Lall & Company, ‘ Registered Accountant ’ and to use the letters ‘ R.A. ’ after his name as long as his name continues to appear on the Register.”

In other words, if it was competent to the Governor General in Council to call them “ R.A. ”, they could equally and easily have been called Chartered Accountants, India. It is purely a question of name which is given. It is a name which can be altered at their pleasure, because ‘ Registered Accountants ’ is an artificial description,—it may have been Certificated Accountants, it may have been Registered Accountants, it may have been Enrolled Accountants, or it may have been anything, and I venture to think myself, though there may be difference of opinion, that within the limits of the present section 144 and the rule-making power in that behalf that the designation could be conferred. I personally think, once it comes to a question of the power of the Legislature to confer a name on a class, there can be no question of a fraud, no more and no less than when the name was first given in the 15 Colonies or States or Dominions in which it is given. It may equally well have been argued in those Dominions that prior to that, ‘ Chartered Accountant ’ had a meaning, namely, that certain classes of persons under item (1) of rule 7, namely, the Institute of Chartered Accountants in England and Wales, were recognised. As regards the other five items, they really had not come under them. Therefore, I say it is permissible to grant that name. If the objection is that the qualifications are not high enough, it is open again to the

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Government under the same section to raise the standard by way of making necessary changes in the syllabus and to hold an examination founded upon it. At the same time, the only view that commends itself to me about this is that it is within the power of the Governor General in Council within the meaning of section 144 and the rule-making power in that behalf to give any designation they think proper as the Act stands at present. But if the intention is to create by means of a statute an autonomous body of Accountants in India,....

**Mr. M. A. Jinnah** : Quite right.

**Mr. Bhulabhai J. Desai** : .....who would then be able to confer the title.

**Mr. M. A. Jinnah** : That is exactly what we want. We don't want the Governor General in Council to do it.

**Mr. Bhulabhai J. Desai** : I certainly would prefer it, and though it is competent within the law to do it, yet, because of the promised creation, at all events I shall not say promised, but contemplated creation of a body of Accountants with an autonomous constitution of their own having the power to grant degrees and give designations, and in particular "Chartered Accountants (India)", we do not think it worth while to press this matter.

**Mr. Deputy President (Mr. Akhil Chandra Datta)** : The question is :

"That sub-clause (b) of clause 75 of the Bill be omitted, and the subsequent sub-clause (c) be re-lettered as sub-clause (b)."

The motion was adopted.

**Babu Baijnath Bajoria (Marwari Association : Indian Commerce)** : Sir, I beg to move :

"That to clause 75 of the Bill, the following be added at the end :

'(d) after sub-section (9) the following new sub-section shall be inserted, namely :

'(10) If the Local Government is of opinion that in the case of a particular company, proper audit cannot be ensured if the appointment of the auditor rests with the company or its directors, the Local Government may for one year or more appoint an auditor for the said company (who will supersede the auditor, if any, appointed by the company or its directors) and fix the amount of fees to be levied from the company and fix the remuneration and other incidental charges to be paid to the auditor so appointed and may frame rules for the purpose.'"

My friend, Sir Homi, is laughing at me when I read this amendment of mine.....

**Sir H. P. Mody** : I am laughing at the amendment and not at you.

**Babu Baijnath Bajoria** : As regards this amendment, Sir, I may say that I am merely representing the views of the Registrar of Joint Stock Companies, Bengal. (Laughter.).....

**Mr. Bhulabhai J. Desai** : It is enough to condemn it.

**Babu Baijnath Bajoria** : The Honourable the Leader of the Opposition says it is enough to condemn it, but you have to remember that the Registrar of Joint Stock Companies has to deal with all the papers filed

in his office by the companies ; he is the officer who exercises supervision over companies on behalf of the Local Government. This is what he says here, Sir :

“ Section 144. I would press for the addition of another sub-section.”

I won't read out the whole thing. What he writes is practically on the lines of the amendment I have moved. There is a wide spread apprehension that all is not well with the audit of companies. This apprehension is not confined to one Chamber of Commerce, but to various Chambers of Commerce, the Shareholders' Association, and even a nationalist paper like the *Amrita Bazar Patrika* in its leading article of the 22nd September last,—I trust the Honourable the Leader of the House has seen this article,—makes serious comments about the auditing of companies' accounts as is done at present. This paper also makes serious comments about the auditing of companies that is obtainable at the present moment. This apprehension is not due to the fact that auditors are not capable, or that they are not honest people, but this is due to the system of appointment so that they after all being human beings, on account of human weakness the auditing is not done properly. They are appointed nominally by the shareholders in a general meeting but for all practical purposes they are appointed by the managing agents. Sir, I will read a few lines from what the Registrar of Joint-Stock Companies has said :

“ If the present system of audit has in most cases been a failure, proper audit in most cases is rendered impossible on account of the system of appointment.”

He also says that “ I do not deny that auditors are honest or capable, but the present system of appointment causes dishonesty or weakness in them ”.

**Mr. M. A. Jinnah :** How does it ?

**Babu Baijnath Bajoria :** Sir, what I propose now to do is this,—that in case the Local Government or the Registrar thinks that the auditing of a certain company is not being done properly or they have reason to believe that it is not being done properly, then either of them will appoint another auditor for one year or more just as they choose so that the auditing of the company may be put right. It may be said that it will go against the reputation of the company but we can rely on the Local Government that they will take steps only when a critical situation arises. Sir, section 144 deals with the appointment and the qualifications of auditors and section 145 deals with their duties and powers but there is no clause in this Bill which deals with the provision that if the auditing is not done properly, some remedy should be provided, and I think this amendment, if accepted, will remove this difficulty to a certain extent. The auditor will have a fear that if he does not audit properly, then somebody else may be appointed by the Government and then he may be exposed. At the present moment, the shareholders have got no remedy and do not know whether the auditing is done properly or not and the auditors are completely at the mercy of the managing agents. If the auditors try to find too many faults with them, then they will not be appointed at all ; they will be turned out at the next meeting. With these few words, Sir, I commend my amendment to the House.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Amendment moved :

“ That to clause 75 of the Bill, the following be added at the end :

‘ (d) after sub-section (9) the following new sub-section shall be inserted, namely :

‘ (10) If the Local Government is of opinion that in the case of a particular company, proper audit cannot be ensured if the appointment of the auditor rests with the company or its directors, the Local Government may for one year or more appoint an auditor for the said company (who will supersede the auditor, if any, appointed by the company or its directors) and fix the amount of fees to be levied from the company and fix the remuneration and other incidental charges to be paid to the auditor so appointed and may frame rules for the purpose ’ ”

**Mr. Susil Chandra Sen :** Sir, I oppose this amendment and the reasons are these. Firstly, my friend's amendment talks of “ proper audit ”. We do not know what he means really by that. He says that the Registrar of Joint-Stock Companies, Bengal, feels that in many cases auditing is not done properly and that the proposed amendment is necessary. Sir, under the existing statute the Registrar has powers to require explanations and make enquiries regarding anything which is wrong in balance-sheets or other documents which are filed with him under section 136, but over and above that, the amended Act will give him further rights enabling him to enquire into any suspected fraud and so on. There is, therefore, absolutely no reason adduced as to why this amendment is necessary. How is the Local Government is to be brought in and to start investigations as to whether the auditing of any company is properly done or not. These matters are private in the sense that it has got nothing to do with Government. Sir, the powers which are there, and which have been newly given, if properly exercised by any Registrar, are quite enough to set right anything which may be found wrong in audit, and while we admire the zeal of the Registrar of Bengal, we think he is certainly overstepping the limits, in asking for this amendment. Sir, I oppose the motion.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** The question is :

“ That to clause 75 of the Bill, the following be added at the end :

‘ (d) after sub-section (9) the following new sub-section shall be inserted, namely :

‘ (10) If the Local Government is of opinion that in the case of a particular company, proper audit cannot be ensured if the appointment of the auditor rests with the company or its directors, the Local Government may for one year or more appoint an auditor for the said company (who will supersede the auditor, if any, appointed by the company or its directors) and fix the amount of fees to be levied from the company and fix the remuneration and other incidental charges to be paid to the auditor so appointed and may frame rules for the purpose ’ ”

The motion was negatived.

**Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) :** Sir, I move :

“ That in clause 75 of the Bill, after sub-clause (c) the following be added :

‘ (d) to sub-section 6, the following further proviso shall be added, namely :

‘ Provided further at a meeting where the auditors are appointed, neither a director nor a managing agent shall either personally or by proxy have or exercise any vote in connection with such appointment ’ ”

Sir, an auditor's appointment is made at a general meeting. An auditor is appointed to check the accounts of a company when it is managed either by a managing agent or by the directors in a body, and therefore by this amendment I want to avoid their having a hand in the appointment of an auditor, because if they are the persons to choose the auditor, the latter will certainly be obliged to them and may not do his work properly. Sir, with respect to directors, there is already a provision to the effect that directors who are interested in a contract ought not to have a vote. A similar provision ought to be made with respect to shareholders who are interested in the management. If they are allowed a hand, the auditing business may not go on properly. I, therefore, move.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Amendment moved :

" That in clause 75 of the Bill, after sub-clause (c) the following be added :

' (d) to sub-section 6, the following further proviso shall be added, namely :

' Provided further at a meeting where the auditors are appointed, neither a director nor a managing agent shall either personally or by proxy have or exercise any vote in connection with such appointment ' '."

**Mr. Susil Chandra Sen :** Sir, I oppose this amendment. Sir, the amendment is rather startling. Sir, in deference to the wishes of the Leader of the Opposition, I will not make any speech beyond saying that the amendment is sufficiently condemned by reading it only.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** The question is :

" That in clause 75 of the Bill, after sub-clause (c) the following be added :

' (d) to sub-section 6, the following further proviso shall be added, namely :

' Provided further at a meeting where the auditors are appointed, neither a director nor a managing agent shall either personally or by proxy have or exercise any vote in connection with such appointment ' '."

The motion was negatived.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** The question is :

" That clause 75, as amended, stand part of the Bill."

The motion was adopted.

Clause 75, as amended, was added to the Bill.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** At this stage, I think we should go back to clause 52 which stood over the other day.  
**Mr. Sen.**

**Mr. Susil Chandra Sen :** Sir, yesterday clause 52 stood over for the purpose of finding out if certain consequential amendments were necessary. If you will look at clause 52 and at section 101 by reason of the changes in the period certain consequential amendments were necessary. A question was also raised by my Honourable friend, Mr. Chetty, as regards the rate of interest mentioned in the section. May I, with your permission, Sir, deal with the last point first ? My Honourable friend, Mr. Chetty, objected to the provision regarding the payment of the moneys by way of refund with interest at 7 per cent. He wanted to suggest that as you are restricting the mode in which the moneys may

[Mr. Susil Chandra Sen.]

be kept or invested, namely, that you now want it to be kept in a scheduled bank where payment earned in the shape of interest cannot go beyond 1 per cent. or possibly 2 per cent., how is it possible, for the directors to pay interest at 7 per cent. ? My Honourable friend, while making that suggestion, apparently did not read the section carefully. The section provides that if the allotment is not made within a certain time, the moneys by the prospective shareholders have got to be refunded without any interest. If the directors, however, elect to sit tight on the money and not refund it, then by way of penalty they are inflicted with an interest of 7 per cent. There is nothing to be said against this. The directors have the power to refund the money in due time but if they chose to be dilatory or if they chose not to observe the provisions of the section, they are themselves to blame. The provision to pay interest at 7 per cent. is by way of penalty and no change is called for. As regards the other clauses, I am handing over a draft to my friend, Pandit Govind Ballabh Pant, showing the consequential changes which have to be made for his approval and may I hand it to you now.

**Several Honourable Members :** Read it out.

**Mr. Susil Chandra Sen :** Clause 52, as suggested, should read as follows :

“(3) To sub-section (3) of the said section the following be added, namely :

‘ All moneys received from applicants for shares shall be deposited and kept in a ‘ Scheduled Bank ’ as defined in section 2 of the Reserve Bank of India Act, 1934, until a certificate is obtained by the company from the Registrar in terms of section 103 (2) of the said Act, or until it is repaid in terms of sub-section (4) of this section.

(4) In sub-section (4) of the said section, for the words ‘ Twenty ’, ‘ Thirty ’ and ‘ Thirtieth ’ the words ‘ Eighty ’, ‘ Ninety ’ and ‘ Ninetieth ’ shall be substituted.

(5) After sub-section (8) of the said section a new sub-section be inserted, namely :

‘ (9) If default is made in complying with the requirements of sub-section (3) of this section, every director of the company, who is knowingly a party to the default, shall be liable to a fine not exceeding rupees five hundred ’.”

I hope this meets with the approval of all sections of the House.

**Pandit Govind Ballabh Pant :** Sir, there is one difficulty. My amendment yesterday was accepted and adopted. So, unless Mr. Sen's amendment is moved by way of an amendment to that amendment, I think the whole of it cannot go on because that amendment has already been adopted.

**The Honourable Sir Nripendra Sircar :** I saw the shorthand transcript and it says that the whole of clause 52 stands over.

**Pandit Govind Ballabh Pant :** My amendment was adopted. After that it was pointed out that there was need for the consequential amendment to have ‘ Ninetieth ’ instead of ‘ Thirtieth ’. Then, Mr. Chetty raised the question that the rate of interest in the Act, 7 per cent., is very high. Then, the Honourable the Law Member was pleased to observe that the question could not well be disposed of at that time. Then this clause was left over, but my amendment has been adopted. The number of my amendment is 161. In fact, I have given the transcript to Mr. Sen.

**Mr. Susil Chandra Sen :** I did not get it.

**Pandit Govind Ballabh Pant** : I sent it over to you ; it is not with me. My amendment has been accepted. It has already gone in :

“ In sub-section 4 of section 101 of the said Act for the word ‘ twenty ’ the word ‘ eighty ’ and for the word ‘ thirty ’ the word ‘ ninety ’ shall be substituted.”

So has the second part of my amendment which says :

“ All moneys received from applicants for shares shall be deposited and kept in a scheduled Bank till a certificate has been filed with the Registrar under section 101 (1) (c) of the said Act and in case no allotment is made within the prescribed time the same shall be returned to the applicants.”

The last part of my amendment has also gone in which reads :

“ In the event of any contravention of the provisions of sub-section 20 every promoter, director or other person knowingly responsible for such contravention shall be liable to a fine not exceeding Rs. 500.”

The only thing that remains is this consequential amendment, namely, that in place of ‘ Thirtieth ’ we should have ‘ Ninetieth ’.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : I think there is that difficulty. As a matter of fact, the whole of the amendment (No. 161) was adopted. So, I think the suggestion made by Pandit Govind Ballabh Pant may be accepted. In that case, the new amendment may be moved as an amendment to amendment No. 161.

**Sir H. P. Mody** : May I explain to my Honourable friend, Mr. Sen, that Pandit Govind Ballabh Pant’s amendment has been adopted and it now forms part of sub-section (4) of section 101. So, all that my Honourable friend has got to say is : That in sub-section (4) of section 101 for word “ Thirtieth ” the word “ Ninetieth ” be substituted.

**Mr. Susil Chandra Sen** : I will meet the Honourable Member this way : Sir, I move :

“ That in amendment No. 161, in place of the words “ the word ‘ thirty ’ the word ‘ ninety ’ ” the words “ the words ‘ thirty ’ and ‘ thirtieth ’ the words ‘ ninety ’ and ‘ ninetieth ’ ” be substituted.”

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : The question is :

“ That in amendment No. 161, in place of the words “ the word ‘ thirty ’ the word ‘ ninety ’ ” the words “ the words ‘ thirty ’ and ‘ thirtieth ’ the words ‘ ninety ’ and ‘ ninetieth ’ ” be substituted.”

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : The question is :

“ That clause 52, as amended, stand part of the Bill.”

The motion was adopted.

Clause 52, as amended, was added to the Bill.

Clause 76 was added to the Bill.

Clause 77 was added to the Bill.

Clauses 78, 79 and 80 were added to the Bill.

**Dr. Ziauddin Ahmad** : Sir, I beg to move :

“ That after clause 80 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

‘ 81. After section 154 of the said Act, the following new sections shall be inserted, namely :

- ‘ 154A. Notwithstanding anything contained in this Act, an Inspector appointed by the Local Government shall be entitled to attend all meetings of Directors and of members. He shall have a right to take part in discussions, but he shall have no vote.
- Companies dealing with protected industries.
- 154B. Notices of the meetings of the directors and of the general meetings of the members shall be sent to the Inspector.
- 154C. The opinions expressed by the Inspector shall be recorded in the proceedings.
- 154D. The amount allotted to depreciation and reserve fund shall not exceed the figures recommended by the Tariff Board.
- 154E. The amount allotted for payment of dividends shall not exceed 6 per cent. of the paid up capital.
- 154F. Net profits of the company shall be deposited in special fund which shall be spent according to the rules framed in this behalf by the Local Government ; an amount not less than one-fourth of the excess profit is allotted to the servants of the company and an amount not less than one-third for the payment of additional dividend.’ ”

Sir, I really want to differentiate between two classes of companies, that is companies which deal with protected industries and companies which do not deal with protected industries. In the case of companies which do not deal with protected industries, the whole question is between the managing agents and the shareholders. The consumers of the country have no concern in this matter but the case of protected industries is entirely different. Here not only the shareholders come on the scene, not only the managing agents come on the scene, but we have also to consider the interests of the consumers who substantially contribute towards the profits of the companies. I would just like to take the figures for several protected industries, that is, companies which deal with protected industries.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : Before the Honourable Member proceeds further, I have to point out that I do not quite understand the proposed section 154-A. Companies dealing with protected industries—what are these words at the beginning which are detached from the section ?

**Dr. Ziauddin Ahmad** : That ought to be really shown as a marginal note. There is always in every Act a marginal note about every topic.

Coming to sugar which is one of the protected industries, the consumers contribute a very substantial amount to the industry. I have calculated the amount in two different ways. I find that the contribution of the consumers to this industry is nearly three crores a year. First take up the figures of production. The production of sugar in 1935-36 was 1,76,33,568 cwts. That is the real production at our mills. The amount of contribution which the consumers have to pay is about two rupees per cwt. and which comes to about three crores. You may either take it in this way or calculate it from the amount of excise duty that is collected from the sugar industry. The excise duty collected last year



was Rs. 1,58,51,000. The amount of profit is twice the amount collected in the way of excise duty. In that way we find that the contribution by the consumers to the companies dealing with sugar alone is about three crores. Therefore in the profit of these companies a large percentage comes from the consumers themselves. Now, I will give the House some figures about the profits of some of the sugar companies. The Basti Sugar Co., Ltd. with a capital of 12 lakhs made a profit Rs. 2,25,037. The Belapur Co., Ltd., with a capital of Rs. 37,59,800 made a profit of Rs. 10,67,203, a profit of nearly 33 per cent. The Champaran Sugar Co., Ltd., with a capital of 12 lakhs made a profit of Rs. 4,18,836. The Ryam Sugar Co., Ltd., with a capital of four lakhs made a profit of Rs. 1,32,778.

**Babu Baijnath Bajoria :** These are the best sugar companies.

**Dr. Ziauddin Ahmad :** Yes ; I have selected these companies because  
 3 P.M. the figures relating to these companies are printed and are available. I have not selected companies whose figures are not available. We gave protection to sugar industry with the intention that they should earn a profit of six per cent., but now we find that they have been earning a profit of something between 30 and 33 per cent. The consumers are paying something like three crores to make up this huge percentage of profits earned by the sugar mills. I say that the whole of the profit ought not to go to the pockets of the shareholders, but a substantial portion should also be shared by other people.

**Mr. M. S. Aney :** A substantial portion should be returned to the State.

**Dr. Ziauddin Ahmad :** Give the sugar companies shareholders a profit of six per cent. and whatever is left over should be deposited towards a special fund and the Local Government might be authorised to suggest the method of its expenditure and in this way the amount will come back to the State or it might go to the consumers in the shape of reduction of duties, or a part of it might go to the workmen's benefit and a part might also go to the sugar cane growers who are at present getting a very low value of five annas per maund for their sugar cane. This is a very uneconomic price and they ought to get at least seven annas a maund so that the cultivators also might share the profits which these companies are making.

**Sir Cowasji Jehangir :** Is this a Tariff Bill ?

**Dr. Ziauddin Ahmad :** No ; I have moved a particular amendment and I am explaining my point with regard to it. The point is that whenever the consumers of India contribute a substantial amount for the profits of some company, the whole of the profits should not go to the shareholders and capitalists but a portion should be devoted as I have indicated in the amendment.

**Mr. M. S. Aney :** When there is a loss what is to be done ?

**Dr. Ziauddin Ahmad :** I am only talking about surplus profits, loss is out of question, so long as excessive protection is given.

**Bhai Parma Nand (West Punjab : Non-Muhammadan) :** What was the rate at which consumers were purchasing sugar three years ago when the new companies were started ? Was it more or less ?

**Dr. Ziauddin Ahmad** : 25 per cent. surcharge.

**Bhai Parma Nand** : That was counterbalanced by the excise duty.

**Dr. Ziauddin Ahmad** : This excise duty was equivalent to 25 per cent. surcharge which we put on in 1931, and it has nothing to do with the protective import duty originally levied on sugar.

I now come to the textile industry. The contribution of the consumers to this particular industry.....

**Mr. M. S. Aney** : Sir, on a point of order, I think this amendment is not within the scope of the Bill at all, and I want your ruling.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : This amendment deals among other things with the question of dividends and reserve fund and net profits. These are all matters with respect to which amendments have been moved in the Bill. I, therefore, think it is rather in order.

**Dr. Ziauddin Ahmad** : The point that my Honourable friend, Mr. Aney, did not catch was that I do not want to give to shareholders in the case of protected industries a dividend beyond 6 per cent., and any profit above 6 per cent. must go back to the State. That is the object of my motion.

Now, coming to the mill textile industry, I calculated that the consumers' contribution comes to about 20 crores a year and my manner of calculation was this. I have taken the prices of the imported piece-goods into this country and since the duty varies from 25 to 50 per cent., therefore the duty which we really pay for a yard at an average comes to one anna per yard. Then I took the total amount manufactured in the mills and taking one anna per yard as the contribution by the consumers it comes to 20 crores of rupees. Therefore that is the annual contribution of the consumers of India to the textile mill industry alone. Such being the case, the consumers of India have got absolute right to demand that this taxation should not continue for a very long time. They should manage their affairs well and in the case of excess profits a portion ought to go back to the consumers of the country. And if the administration of the mill industry cannot be put in order by any method then it is much better that we give it up and we should not tax the consumers of this country any longer because 20 crores is really a very heavy tax.

Coming to the steel industry, I had already made a calculation when this Steel Protection Bill came before us for consideration. I said at that time that this was a free gift of 18 crores of rupees which Sir Joseph Bhore at that time put into the pockets of my friend, Sir H. P. Mody, although he was not in charge of this particular company at that time. I will not repeat the arguments which I offered at that time, that it was a transfer of 18 crores from the pockets of the consumers to the Tata Iron and Steel Company. And I said that in Tatanagar they should put on tablet with the inscription, "In memory of Sir Joseph Bhore".

So this is the case. The point I want to emphasise is this, that in the case of those industries in which Government have by special enactments forced the consumers of the country to pay so much to the industries

themselves, the consumers have got a right (1) to see that the administration is good, and (2) whenever there is an excess profit beyond what the Tariff Board themselves recommended, then the excess profits should not go to the pockets of shareholders' managing agents, but it should be shared by other people who contributed to this particular amount. It has been pointed out in the Fiscal Commission's report and also on the floor of this House by successive Commerce Members that whatever tax is put upon the consumers is really a loan to that particular industry and the loan will sooner or later be paid back.

I am making all these accounts for the amounts which we have contributed to the various industries on behalf of the consumers, and I demand of the Commerce Member and the Finance Member to pay back to the consumers what they have forced us to pay to these industries.

Sir, I move.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Amendment moved :

“ That after clause 80 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

‘ 81. After section 154 of the said Act, the following new sections shall be inserted, namely :

‘ 154A. Notwithstanding anything contained in this Act, an Inspector appointed by the Local Government shall be entitled to attend all meetings of Directors and of members. He shall have a right to take part in discussions, but he shall have no vote.

154B. Notices of the meetings of the directors and of the general meetings of the members shall be sent to the Inspector.

154C. The opinions expressed by the Inspector shall be recorded in the proceedings.

154D. The amount allotted to depreciation and reserve fund shall not exceed the figures recommended by the Tariff Board.

154E. The amount allotted for payment of dividends shall not exceed 6 per cent. of the paid up capital.

154F. Net profits of the company shall be deposited in special fund which shall be spent according to the rules framed in this behalf by the Local Government ; an amount not less than one-fourth of the excess profit is allotted to the servants of the company and an amount not less than one-third for the payment of additional dividend.’”

As the amendment stands, I am afraid it is meaningless, because there is nothing about protected industries in the body of the amendment itself. And I cannot put the amendment in this form. There is a marginal note which mentions protected industries but that is not part of the main clause. If the Honourable Member wants to press this, he must put it in the proper form.

**Dr. Ziauddin Ahmad :** I put in that marginal note, because it is put along every new section, and that refers to protected industries.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** I am afraid I cannot put it to the House in this form, and I must rule it out of order.

Clauses 81 to 94 were added to the Bill.

**Mr. M. Ananthasayanam Ayyangar :** Sir, I move :

“ That after clause 94 of the Bill, the following new clause be inserted :

‘ 94A. To sub-section (1) of section 183 of the said Act, the words ‘ or by the committee of inspection, and any directions given by the creditors or contributories at any general meeting shall in case of conflict be deemed to override any directions given by the committee of inspection ’ shall be added at the end ’.”

The object of this is that a new section 178A has been added after section 178 by clause 93 (page 43 of the Bill) : sub-section (4) of that section reads :

“ A committee of inspection appointed under this section shall consist of not more than twelve members being creditors and contributories of the company, etc., etc.”

Sub-section (1) of the same section says :

“ The official liquidator shall within a month...convene a meeting...for the purpose of determining whether or not a committee of inspection shall be appointed to act with the liquidator and who are to be members of the committee....”

Later on, section 183, as it stands at present, says that the official liquidator shall have due regard to the resolution or to the opinions at a meeting of the creditors or contributories and shall act as far as possible in accordance with that direction. Section 183 in the old Act did not have any reference to a committee of inspection because under the old Act there was no such committee : it is appointed under the new Act, for the purpose of advising the official liquidator ; and he has to carry out that advice. But section 183 stands in the way for this reason. There is a general body of creditors and contributories which gives one direction, and the committee of inspection now to be appointed gives another. A conflict has to be avoided in case it arises as to which should prevail. This provision is made in the English Act from which I have copied the language. The old English Act contained similar provisions as are embodied in section 183. The English Act has been amended and the new section which has taken its place contains the amendment which I have moved. It says that the committee of inspection shall also be consulted by the official liquidator and in case there is a difference between the committee of inspection and the general body of creditors and contributories, the directions of the latter shall prevail. I shall read the English section and you will see it has been carried out here verbatim. Section 192 of the English Act says....

**Sir Cowasji Jehangir :** You contend that this is consequential ?

**Mr. M. Ananthasayanam Ayyangar :** Yes, on the appointment of the committee of inspection. Otherwise the object of appointing a committee would be absolutely frustrated and the committee would have no object whatever. I shall read.....

**The Honourable Sir Nripendra Sircar :** We are accepting it.

**Mr. M. Ananthasayanam Ayyangar :** Then, I need not read it. Sir, I move.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** The question is :

“ That after clause 94 of the Bill, the following new clause be inserted :

‘ 94A. To sub-section (1) of section 183 of the said Act, the words ‘ or by the committee of inspection, and any directions given by the creditors or contributories at any general meeting shall in case of conflict be deemed to override any directions given by the committee of inspection ’ shall be added at the end ’.”

The motion was adopted.

New clause 94A was added to the Bill.

**Mr. Susil Chandra Sen :** Sir, I move :

“ That after clause 94 of the Bill, the following new clause be added....

In view of the fact that a new clause 94A has already been passed, my new clauses should be 94B and 94C. The amendment will read thus :

“ That after clause 94 of the Bill, the following new clauses be added :

‘ 94B. In section 188 of the said Act, for the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be ’ the words ‘ such of the Scheduled Banks as defined by clause (e) of section 2 of the Reserve Bank of India Act, 1934, where the Liquidator may have his account ’ shall be substituted.

94C. In section 189 of the said Act, for the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay or any branch thereof respectively ’ the words ‘ the Bank where the Liquidator of the company may have his account ’ shall be substituted ’.”

These amendments are consequential upon the amendment which we have already accepted by which we have given the liquidator power to have his account not as before in the Bank of Bengal, Bank of Madras or the Bank of Bombay, but in any of the scheduled banks. These are only consequential amendments and I move.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Amendment moved :

“ That after clause 94 of the Bill, the following new clauses be added :

‘ 94B. In section 188 of the said Act, for the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be ’ the words ‘ such of the Scheduled Banks as defined by clause (e) of section 2 of the Reserve Bank of India Act, 1934, where the Liquidator may have his account ’ shall be substituted.

94C. In section 189 of the said Act, for the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay or any branch thereof respectively ’ the words ‘ the Bank where the Liquidator of the company may have his account ’ shall be substituted ’.”

**Pandit Govind Ballabh Pant :** I do not know if I am mistaken, but I feel that the language of this amendment does not quite fit in with the Act. The words here “ where the Liquidator may have his account ” seem to me to be redundant. For the words “ the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be ”, the words “ a scheduled bank ” may be substituted. That is all that is needed. I propose that this amendment may be made. The only thing that has to be done is to substitute the words “ a scheduled bank ” for the words “ the Bank of Bengal, the Bank of Madras or the Bank of Bombay as the case may be ”, in both the proposed sections 94-B and 94C. The rest is redundant and makes it useless.

**Mr. Susil Chandra Sen :** May I suggest that this may be kept over till tomorrow ? There is a suggestion that there is one section of the Imperial Bank of India Act by which these have been altered. I want to look into that.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** If it is the pleasure of the House, I have no objection.

(Further consideration of the amendment was held over till the next day.)

Clauses 95 and 96 were added to the Bill.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** The question is :

“ That clause 97 stand part of the Bill.”

**Pandit Sri Krishna Dutta Paliwal (Agra Division : Non-Muhamadan Rural) :** Sir, I move :

“ That in clause 97 of the Bill, to sub-section (1) of the proposed section 208A, the following proviso be added :

‘ Provided that the following persons, that is to say—

- (i) a managing agent of the company or any partner of the managing agent if the managing agent is a firm or director or member of the managing agent if the managing agent is a private limited company or any director of the managing agent if the managing agent is a public company ;
- (ii) a director, auditor or officer of the company ;
- (iii) a partner of such director, auditor or officer ; and
- (iv) any person in the employment of such managing agent, director, auditor or officer ;

shall not be appointed liquidator of the company ’.”

The object of this amendment is to see that the liquidators who are appointed by the companies are independent liquidators. We have provided in the case of the auditors that certain persons should not be allowed to act as auditors. I think that we should make a similar provision in the case of liquidators and it is with that object in view that I move this amendment. The amendment is specially necessary because the appointment of the liquidator is only by an ordinary resolution and not by a special resolution. So some safeguard is necessary in order to protect the interests of the shareholders. Sir, I move.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Amendment moved :

“ That in clause 97 of the Bill, to sub-section (1) of the proposed section 208A, the following proviso be added :

‘ Provided that the following persons, that is to say—

- (i) a managing agent of the company or any partner of the managing agent if the managing agent is a firm or director or member of the managing agent if the managing agent is a private limited company or any director of the managing agent if the managing agent is a public company ;
- (ii) a director, auditor or officer of the company ;
- (iii) a partner of such director, auditor or officer ; and
- (iv) any person in the employment of such managing agent, director, auditor or officer ;

shall not be appointed liquidator of the company ’.”

**Mr. G. E. J. Robertson (Burma : European) :** I oppose this amendment. The new clause 208A deals only with a members' voluntary winding up, that is to say, a case where the company is solvent and the creditors are expected to be paid in full. In such a case it is the share-

holders who are the really interested parties, and if they choose by resolution to appoint a managing agent, director, or any other person connected with the company as liquidator they should be entitled to do so. This is commonly done in voluntary windings up, since a person connected with the management is fully acquainted with the company's affairs and generally acts without remuneration. I strongly urge that the shareholders should not be deprived of this right particularly in the case of a members' voluntary winding up. On this ground I oppose the amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : The question is :

“ That in clause 97 of the Bill, to sub-section (1) of the proposed section 208A, the following proviso be added :

‘ Provided that the following persons, that is to say—

- (i) a managing agent of the company or any partner of the managing agent if the managing agent is a firm or director or member of the managing agent if the managing agent is a private limited company or any director of the managing agent if the managing agent is a public company ;
  - (ii) a director, auditor or officer of the company ;
  - (iii) a partner of such director, auditor or officer ; and
  - (iv) any person in the employment of such managing agent, director, auditor or officer ;
- shall not be appointed liquidator of the company ’.”

The motion was negatived.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

**Mr. Sri Prakasa** : Sir, I move :

“ That in clause 97 of the Bill, in sub-section (1) of the proposed section 208D, after the word ‘ convenient ’ the words ‘ within 90 days of the close of the year ’ be inserted.”

I confidently hope that the Honourable (Ind.) the Law Member (Ind.), Sir (Ind.) Nripendra Sircar, will accept this amendment. I am putting the mystic letters “ Ind.” in large capitals after all doubtful words so that there may be no mistake that I am referring to any functionary in Honolulu, Timbuctoo or Kamatschatka ! I have already introduced to this House a wonderful Bombay liquidator who had almost liquidated me. I do not believe in leaving to the discretion of these liquidators to call meetings at their convenience. I therefore think that the word ‘ convenient ’ should be defined and limited to 90 days from the close of the year. It is to my mind a sufficiently long period during which the liquidator should find it convenient to call a meeting. My own liquidator carried on his operations on a large salary for about six years and I believe he visited England four times in this interval. It was never convenient for him to call a meeting at all. I do hope that the Law Member will find it possible to accept my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 97 of the Bill, in sub-section (1) of the proposed section 208D, after the word ‘ convenient ’ the words ‘ within 90 days of the close of the year ’ be inserted.”

**Mr. Susil Chandra Sen** : We are glad to accept this amendment in view of the appeal made by Mr. Sri Prakasa.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 97 of the Bill, in sub-section (1) of the proposed section 208D, after the word ‘ convenient ’ the words ‘ within 90 days of the close of the year ’ be inserted.”

The motion was adopted.

**Mr. Sri Prakasa** : Sir, I move :

“ That in clause 97 of the Bill, in sub-section (1) of the proposed section 209G, after the word ‘ convenient ’ the words ‘ within 90 days of the close of the year ’ be inserted.”

My arguments are the same that I had advanced when I moved a similar amendment a few minutes back which has been accepted by Government. I hope this will be accepted. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 97 of the Bill, in sub-section (1) of the proposed section 209G, after the word ‘ convenient ’ the words ‘ within 90 days of the close of the year ’ be inserted.”

**Sir Leslie Hudson** (Bombay : European) : Sir, I think it will be very inconvenient to have the words which my friend wants to be inserted.

**Mr. Sri Prakasa** : You can go beyond 90 days and pay Rs. 100.

**Sir Leslie Hudson** : There may be very large liquidations, such as the Alliance Bank of Simla. It will be quite impossible to get out their accounts within three months of the close of the year. I am quite sure of that.

**Mr. M. S. Aney** : There ought to be some provision enabling them to extend the time beyond ninety days in a proper case ?

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 97 of the Bill, in sub-section (1) of the proposed section 209G, after the word ‘ convenient ’ the words ‘ within 90 days of the close of the year ’ be inserted.”

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 97, as amended, stand part of the Bill.”

The motion was adopted.

Clause 97, as amended, was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 98 stand part of the Bill.”

**Mr. V. V. Giri** (Ganjam cum Vizagapatam : Non-Muhammadian Rural) : Sir, I move :

“ That in sub-clause (b) of clause 98 of the Bill, in the proposed clause (e), after the words ‘ provident fund ’ the following be inserted :

‘ a pension fund, a gratuity fund or any other fund for the welfare of the employees.’”



Sir, in the last three weeks the House has been continuously discussing the interests of the capitalists, of the mill-owners and of the shareholders. I do hope that for a few minutes at least the House will consider the interests of the workers also. Sir, the object of this amendment is that these funds should be considered as preferential payments and given priority over other debts when the time for winding up these companies comes up. I am sure my Honourable friends, Sir Homi Mody, as well as the Baronet of Bombay, will agree with me that the workers are the real producers of the wealth and that the workers are those who really run the industry and therefore, Sir, I consider that the workers are the active or dominant partners in a company and that the capitalists are, after all, the sleeping partners of a company. Sir, it is from the work of these workers that these capitalists get their profits, and therefore I consider that their interests should be the first charge on the industry. Therefore, I do hope that both the Government and the capitalist Members of this House will agree to this reasonable amendment. After all, they must realize that in this country, as in fact in many other countries today, socialism is bound to come, and it will come (Hear, hear), and therefore, if they want to delay it, the best way to do it is by conceding all the reasonable demands of the workers. With these words, Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in sub-clause (b) of clause 98 of the Bill, in the proposed clause (e), after the words ‘ provident fund ’ the following be inserted :

‘ a pension fund, a gratuity fund or any other fund for the welfare of the employees ’.”

**Mr. N. M. Joshi** : Mr. President, I have great pleasure in supporting the motion moved by my Honourable friend, Mr. Giri. I would only suggest that, as we have a general clause, we may omit the words “ a pension fund, a gratuity fund ”, because any particular mention of these may not be necessary. I should therefore like that these words should be omitted and the amendment should read thus :

“ That in sub-clause (b) of clause 98 of the Bill, in the proposed clause (e), after the words ‘ provident fund ’ the following be inserted :

‘ or any other fund for the welfare of the employees ’.”

Sir, the original Act has given priority of payment to the wages of labourers and the salaries of clerks. The Bill as it has emerged out of the Select Committee has also given priority of payment to deposits in the Provident Fund. We suggest that priority of payment should be given also to any other fund for the welfare of the employees. I hope the amendment will be accepted.

**Mr. President** (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member, Mr. Giri, will accept the change of wording in his amendment suggested by the Honourable Member, Mr. Joshi, otherwise I will put the amendment as it is on the order paper. The question is :

“ That in sub-clause (b) of clause 98 of the Bill, in the proposed clause (e), after the words ‘ provident fund ’ the following be inserted :

‘ a pension fund, a gratuity fund or any other fund for the welfare of the employees ’.”

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 98, as amended, stand part of the Bill.”

The motion was adopted.

Clause 98, as amended, was added to the Bill.

Clauses 99 and 100 were added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 101 stand part of the Bill.”

**Mr. M. Ananthasayanam Ayyangar** : Sir, I move :

“ That in clause 101 of the Bill, in sub-clause (a) after the words ‘ the winding up ’ the words ‘ or of the misapplication retainer, misfeasance or breach of trust as the case may be whichever is longer ’ be inserted.”

Sir, clause 101 modifies section 235 of the present Act which enacts that if any director or any other officer of the company misappropriates or commits breach of trust, a suit can be filed within three years after the appointment of an official liquidator for recoveries of those moneys. But the same section says that if the liquidator should commit an offence three years from the date of his appointment, then the penalty is mentioned there. The difficulty is that if the liquidator may commit an offence three years after his appointment, the cause of action is the date of his appointment. This must be due to an oversight, otherwise it is absolutely absurd. Long before the cause of action arises, the limitation for filing a suit disappears. It is quite a novel thing. Therefore, I have said in my amendment that three years ought to be given either from the time of the appointment of the official liquidator if the misappropriation takes place before the appointment of the official liquidator or from the date the misappropriation takes place, whichever is longer. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 101 of the Bill, in sub-clause (a) after the words ‘ the winding up ’ the words ‘ or of the misapplication retainer, misfeasance or breach of trust as the case may be whichever is longer ’ be inserted.”

**Mr. Susil Chandra Sen** : Sir, we have no objection to this amendment which is really meant to be applicable to cases of misfeasance by liquidators.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 101 of the Bill, in sub-clause (a) after the words ‘ the winding up ’ the words ‘ or of the misapplication retainer, misfeasance or breach of trust as the case may be whichever is longer ’ be inserted.”

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 101, as amended, stand part of the Bill.”

The motion was adopted.

Clause 101, as amended, was added to the Bill.

Clause 102 was added to the Bill.

Clause 103 was added to the Bill.

Clause 104 was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 105 stand part of the Bill.”

**Mr. Sri Prakasa** : Sir, I move :

“ That in clause 105 of the Bill, in the proviso to sub-section (1) of the proposed section 244A, for the word ‘ registrar ’, occurring in the tenth line, the word ‘ Court ’ be substituted.”

Sir, the Honourable Member opposite knows more of the merits of the case, and the necessity for this amendment than  
4 P.M. I can do ; so I only just move it.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 105 of the Bill, in the proviso to sub-section (1) of the proposed section 244A, for the word ‘ registrar ’, occurring in the tenth line, the word ‘ Court ’ be substituted.”

**Mr. Susil Chandra Sen** : Sir, this is only an omission in drafting and we accept it.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 105 of the Bill, in the proviso to sub-section (1) of the proposed section 244A, for the word ‘ registrar ’, occurring in the tenth line, the word ‘ Court ’ be substituted.”

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 105, as amended, stand part of the Bill.”

The motion was adopted.

Clause 105, as amended, was added to the Bill.

Clause 106 was added to the Bill.

Clause 107 was added to the Bill.

Clause 108 was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 109 stand part of the Bill.”

**Pandit Sri Krishna Dutta Paliwal** : Sir, I move :

“ That for sub-clause (a) of clause 109 of the Bill, the following be substituted :

‘ (a) for sub-section (3) and the proviso thereto the following shall be substituted, namely :

‘ (3) Every company to which this section applies shall in every calendar year make out a balance sheet in such form, and containing such particulars and including such documents, as under the provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting and deliver for registration a copy of that balance

[Pandit Sri Krishna Dutta Paliwal.]

sheet to the registrar of the province in which the company has its principal place of business ; and if any such sheet is not written in the English language, the company shall annex to it a certified translation thereof."

Sir, the object of this amendment is a very simple one. It is this. The companies carrying on their business in India but incorporated outside India should be placed on the same footing in India as the Indian companies incorporated in this country and carrying on their business in other countries are placed. The English Act requires that the Indian companies should comply with the provisions of that Act so far as the balance-sheet is concerned and there is no reason why we should allow the British companies established in England not to comply with the provisions of our Act so far as this is concerned. I do not see any justification why the Britishers should have the best of everything in the world and why we, the Indians, should be put to a loss. I know what my friend Mr. James of the European Group will charge me with consuming hatred, because I have moved this amendment. So far as I am concerned, I plead guilty to the charge inasmuch as I do not possess the same profitable and productive love to the ruling race as my friend, Mr. James, has. This amendment of mine has neither been taken from Honolulu nor from Timbaktu the two favourite haunts of the Honourable the Law Member. It has been taken bodily, comma for comma and word for word, from Mr. Sen's original proposal and Government's own Bill. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

" That for sub-clause (a) of clause 109 of the Bill, the following be substituted :

' (a) for sub-section (3) and the proviso thereto the following shall be substituted, namely :

' (3) Every company to which this section applies shall in every calendar year make out a balance sheet in such form, and containing such particulars and including such documents, as under the provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting and deliver for registration a copy of that balance sheet to the registrar of the province in which the company has its principal place of business ; and if any such sheet is not written in the English language, the company shall annex to it a certified translation thereof."

**Seth Govind Das** (Central Provinces Hindi Divisions : Non-Muhammadan) : There is an amendment on the same subject, that is amendment No. 224 in my name. My amendment is rather better than the present one.

**Mr. President** (The Honourable Sir Abdur Rahim) : Then the Honourable Member can vote against the present amendment.

**Seth Govind Das** : That is not the point. I want to know whether, if this amendment is carried, I will be allowed to move amendment No. 224.

**Mr. President** (The Honourable Sir Abdur Rahim) : Provided it is not inconsistent with the present amendment, if carried.

**The Honourable Sir Nripendra Sircar** : They are not inconsistent. You can still move it.

Seth Govind Das : All right.

**The Honourable Sir Nripendra Sincar :** Sir, I do not think any Honourable friend will be well advised in pressing this amendment for this reason. What has happened is possibly known to Honourable Members of this House. The form which has been adopted in section 109 really means this. That that is the form, or rather that is what the foreign companies have got to comply with in England. It is quite right to say that there is no exact reciprocity because a foreign company is not filing its balance sheet in the form which an Indian company has got to file its in India. To that extent, the criticism is right that there is no exact reciprocity. On the other hand an Indian company—I think there is only one company, the Central Bank—trading in England will file its balance sheet in the form in which an English company will have to file its here under clause 109. But why I am advising my Honourable friend not to press this amendment is that he will not gain his object which he has in his mind if he carries this amendment. May I draw the attention of the House to section 151 of the existing Act. It says :

“ The forms in the Third Schedule or forms as near thereto as circumstances admit shall be used in all matters to which those forms refer. The Governor General in Council may alter any of the tables and forms in the First Schedule so that he does not increase the amount of fees payable to the Registrar in the said schedule mentioned, and may alter or add to the forms in the Third Schedule.”

Now, the position was this. Under the existing Act, foreign companies were dealt with by section 277. There was no question of any form applying to foreign companies. The scheme was this, that there was a proviso that the Governor General could exempt companies from complying with the requirements laid down in section 277. The difference is this. Inasmuch as under the old scheme there was no form to be filled up or complied with, all that the Governor General could do under the proviso, was in certain cases to say that it is impossible for this foreign company and it need not carry it out the requirements of section 277. That was a very limited power. As a matter of fact when the matter was before the Select Committee we found that out of 900 odd foreign companies trading here in India, exemption was given only in the case of about 12 companies. I then read out the names and I was informed by my Honourable friend, Mr. Satyamurti, that three out of that list were really charitable companies doing business in South India. So we had really eight or ten cases which were exempted by the power which is given to the Governor General in Council under section 277. Let us see what will happen if the amendment of my Honourable friend is carried. Then the foreign company will have to file in the same form as the Indian company, that is Form F. That is in Third Schedule. Therefore by reason of section 151 which my Honourable friend ought to have amended and which he has not done, and the time is passed, otherwise probably I would not have been so frank as I am now, I say that by reason of the existence of section 151 in this Bill, the Governor General has the power to do, what? He will have the power “ to alter any of the tables and forms in the Third and First Schedules so that he does not increase the amount of fees payable to the Registrar in the said Schedule and may alter or add ”, I draw the attention of the House to this portion which is the vital

[Sir Nripendra Sircar.]

portion, "and may alter or add to the forms in the Third Schedule". This is going into the Third Schedule because my Honourable friend wants that they should be in the same form as the Indian company will have to file, that is Form F which is in the Third Schedule. If this is carried, the power will be given to the Governor General in Council (that will equally apply to Form H) to alter or add to the forms so that, that could be done. I can give you one instance—I forget the year, it was in 1926 or 1927—representations were made by banks that there were certain difficulties in complying with the amended requirements of the Forms and upon that under this power in case of banks the form was relaxed to a certain extent. Now, it is not even necessary in altering the form to say that a foreign company need not do this and that and so on. Supposing the form is altered in this way that a company carrying on business in more than one country is given certain relaxations. The result will be probably the same, if not exactly as that under clause 109. What I am pointing out is this. Is this really worth fighting for because as is clear it is not reasonably possible for some of the companies to comply with the strict form. Representations were made, for instance, that the Lloyds Bank have got to give an account of all their directors and all their branches—I believe there are over 2,000 branches or something like that—they have to give an account of all the transactions in which they are interested and the moneys received and so on. It will be a small volume which is of no earthly use to the Indian public here. Similarly representations were made by the American Banks—the City Bank and the Standard Oil Company. These companies have more than 3,000 branches with innumerable directors and innumerable transactions, fees and loans received and so on. It is really, I cannot say impossible, but it is a difficult task and it is almost impossible in case of American companies because they have to keep their forms under their own statutes in a particular form and so on. I do not want to tire the House by going into all those details. What I point out is this that as a matter of fact in connection with some of the companies we are honestly convinced that it will be very difficult to comply with the requirements of Form F. That is really not of much good to us, possibly the argument may be advanced that we do not care what their inconvenience may be or it may be impossible for them, but they must comply with them. But I am convinced that it will be no good to us ; at best it is almost an impossible burden on these companies and after all as I point out even if my Honourable friend's amendment is carried, power is left to the Governor General in Council to alter or add to the forms and I would therefore ask my Honourable friend to consider, is it really worth while pressing for these forms and not be satisfied with clause 109 as it stands at present.

**Mr. Bhulabhai J. Desai :** Sir, will my Honourable friend be prepared to accept if the words 'in such form' were omitted from this amendment? I say this for this reason. In section 132, there are two parts. The first part is :

"The balance sheet shall contain a summary of the property and assets and of the capital and liabilities of the company giving such particulars as will disclose the general nature of those liabilities and assets and how the value of the fixed assets has been arrived at."

The second part of this section says :

“ The balance sheet shall be in the form marked —F in the Third Schedule or as near thereto as circumstances admit.”

I am reading this section in order to show that it is really this which is incorporated by way of reference into these requirements. If you will see sub-section (1) of section 132, I submit that we shall be content with the compliance of one of the requirements. The compliance required in sub-section (2) may be omitted. I think even the Honourable the Law Member would be able to comply with our request.

**The Honourable Sir Nripendra Sircar :** Sir, I am obliged to my Honourable friend for pointing this out but I am afraid I cannot give an answer without further consideration. If it stands over till tomorrow I have no objection.

**Mr. Bhulabhai J. Desai :** I will say this. The position was brought to me not as legal adviser but otherwise. So I am in a position to state that even in the case of banks like the National City Bank of New York, all that they say is that the form in which their accounts are kept and audited is such that the actual headings under which they appear as required by Form F do not exist in their company forms. But none the less they admit, and must admit, that clause (1) must be the one which is applicable to every decent concern, namely, that it shall contain a summary of the property and assets and of the capital (that cannot be disputed), and of the liabilities of the company (that also cannot be disputed), giving such particulars as will disclose the general nature of its liabilities and assets. Some people show bills and loans together, some people show loans alone, some people show bills negotiated by local banks as distinguished from foreign banks and so on ; so that to the extent to which the forms require particulars, it can be dispensed with.

**The Honourable Sir Nripendra Sircar :** Sir, I will gladly agree to the matter being postponed till tomorrow so that I can have a little time to consider this, but may I know exactly what words are to be struck out from this amendment ?

**Mr. Bhulabhai J. Desai :** I suggest that the words “ in such form ” may go out, and I suggest further, though it is a matter of no doubt to me, that we may substitute these words, “ containing such particulars and including such documents as are required under section 132 (1) ”.

**The Honourable Sir Nripendra Sircar :** Then will it read like this ?

“ Every company to which this section applies shall in every calendar year make out a balance-sheet containing such particulars and including such documents as are required under section 132 (1).”

Does section 132 (1) require any documents ?

**Mr. Bhulabhai J. Desai :** No, it requires particulars.

**The Honourable Sir Nripendra Sircar :** If the words “ including such documents ” go out, then I can understand. Will it be possible for my Honourable friend to send me a copy of the amendment and also a copy to the Leaders of the other Groups by 7 or 8 o'clock today ?

**Mr. Bhulabhai J. Desai :** Yes, I will do that. For the moment I cannot put my hand on what documents are required. Otherwise, as to the form I am quite content that that should go out.

**Mr. President (The Honourable Sir Abdur Rahim) :** This will stand over till tomorrow.

**Pandit Sri Krishna Dutta Paliwal :** Sir, I move :

" That in sub-clause (b) of clause 109 of the Bill, for the figures, word and brackets ' (6), (7) and (8) ' the figures, word and brackets ' (7), (8) and (9) ' be substituted and after the proposed sub-section (5) the following new sub-section be inserted :

- ' (6) Every company to which this section applies shall have its principal place of business in India, shall keep proper books of account in relation to its business in India and shall have at least one director elected by shareholders in this country from amongst themselves '."

I think the amendment speaks for itself and requires no speech in support. Sir, I move.

**Mr. President (The Honourable Sir Abdur Rahim) :** Amendment moved :

" That in sub-clause (b) of clause 109 of the Bill, for the figures, word and brackets ' (6), (7) and (8) ' the figures, word and brackets ' (7), (8) and (9) ' be substituted and after the proposed sub-section (5) the following new sub-section be inserted :

- ' (6) Every company to which this section applies shall have its principal place of business in India, shall keep proper books of account in relation to its business in India and shall have at least one director elected by shareholders in this country from amongst themselves '."

**The Honourable Sir Mripendra Sircar :** Sir, I oppose this amendment. We cannot recognise this distinction between shareholders in one country and in another. Shareholders have got to act together according to the provisions of the company law. It is proposed that at least one director will be elected by the shareholders in this country. What happens if there is no shareholder in this country ? If this distinction is to be made that the shareholders in this country will have one director, and the shareholders in France will have another director and the shareholders in England another director and so on, why not spread it and subdivide it and later on say that province by province each will have one director ? I oppose this idea altogether that this distinction should be made between the general body of shareholders.

**Mr. President (The Honourable Sir Abdur Rahim) :** The question is :

" That in sub-clause (b) of clause 109 of the Bill, for the figures, word and brackets ' (6), (7) and (8) ' the figures, word and brackets ' (7), (8) and (9) ' be substituted and after the proposed sub-section (5) the following new sub-section be inserted :

- ' (6) Every company to which this section applies shall have its principal place of business in India, shall keep proper books of account in relation to its business in India and shall have at least one director elected by shareholders in this country from amongst themselves '."

The motion was negatived.

**Mr. President (The Honourable Sir Abdur Rahim) :** The question is :

" That clause 110 stand part of the Bill."



**Pandit Govind Ballabh Pant :** Sir, I move :

That in clause 110 of the Bill, after the proposed section 277B, the following new section be inserted :

' 277BB. (1) It shall not be lawful for any person to go from house to house offering shares of a company incorporated outside India for subscription or purchase to the public or any member of the public.

(2) In this sub-section the expression ' house ' shall not include an office used for business purposes '."

**Mr. F. E. James** (Madras : European) : May I rise to a point of order before my Honourable friend continues ? Without going into the merits of this or the following amendments, I would like to draw your attention to the fact that we only had these amendments circulated last night and we have not therefore had the requisite notice which is usual under standing order 46 : we have objected on previous occasions to amendments being made without the necessary notice being given and I should like your ruling on this amendment and the subsequent ones.

**Pandit Govind Ballabh Pant :** Sir, in the ordinary course these amendments would have been reached any day but today—tomorrow or perhaps the day after even. In fact when this arrangement was made.....

**Mr. President** (The Honourable Sir Abdur Rahim) : But the announcement was made by the Leader of the House yesterday.

**Pandit Govind Ballabh Pant :** Yes, and I approached the Leader of the House and told him I had given notice of certain amendments and this difficulty might arise, and he said he would not raise such objection. That is why we agreed to this arrangement.

**Mr. President** (The Honourable Sir Abdur Rahim) : If that is so, and if it is a controversial amendment, then I am prepared to let it stand over till tomorrow.

**Pandit Govind Ballabh Pant :** We are trying to facilitate and expedite business.

**Mr. F. E. James :** If it is a fact, that the Leader of the House had agreed in the circumstances not to raise any objection, I will withdraw the objection I made.

**Pandit Govind Ballabh Pant :** Sir, it is a bit ungracious and I am really sorry that an Honourable Member of the position of Mr. James should have made himself responsible for this objection. For, after all, we are all here.....

**Mr. F. E. James :** I withdrew my objection : I would have been quite within my rights if I had stood on my objection, and I take it very hardly of my friend to make those remarks, after I had withdrawn my objection as I have done.

**Pandit Govind Ballabh Pant :** I thank the Honourable Member for having withdrawn his objection on getting an assurance from the Honourable the Leader that he had given me such an understanding....

**The Honourable Sir Nripendra Sircar :** It is really my fault : I had not informed the other Parties.

**Pandit Govind Ballabh Pant :** There the chapter closes. Coming to the subject matter of this amendment, I propose that the hawking of shares of foreign companies should be prohibited in this country. I may inform Honourable Members that the amendment that I am proposing has been taken bodily from the English Act. If they will refer to section 356 (1) of that Act, they will find the words :

“ It shall not be lawful for any person to go from house to house offering shares for subscription or purchase to the public or any member of the public.

In this sub-section the expression ‘ house ’ shall not include an office used for business purposes.”

In fact, in England the prohibition is much more wide and comprehensive as it covers all shares, whether pertaining to domestic companies or to foreign companies. I am of the opinion that capital is shy in our country, and so I would not like to place impediments in the way of people trying to promote indigenous enterprise by any provision of this type. As I want our capital to be utilised for the purposes of indigenous business, therefore also I do not want to facilitate the raising of foreign capital in this country. So I have restricted my amendment only to the shares of companies incorporated abroad. I see no reason why this amendment should not be accepted. Sir, if you will refer to Mr. Sen’s report, you will find there these words :

“ A considerable amount of business is being carried on in this country of late in shares, bonds, etc., of foreign companies. Glowing accounts are usually given by the canvassers and agents employed by those companies of the profits likely to be made by investing moneys in such commodities. The unwary investors not acquainted with the details of the foreign corporation are very often trapped and in some cases lose all the money which they invest in the purchase of these bonds and shares. The lack of any control over these companies and their activities has been pointed out by the public and demands have been made for protective provisions in the statute. The activities of one of these companies were recently investigated by the Bombay High Court in connection with a libel case instituted by the New Zealand Redwood Forests, Ltd., and was characterised in the judgment as scandalous. The Government of the United Provinces of Agra and Oudh have also drawn the attention of the Government of India to this class of business and have asked for legislative interference.”

Sir, I move.

**Mr. President (The Honourable Sir Abdur Rahim) :** Amendment moved :

“ That in clause 110 of the Bill, after the proposed section 277B, the following new section be inserted :

‘ 277BB. (1) It shall not be lawful for any person to go from house to house offering shares of a company incorporated outside India for subscription or purchase to the public or any member of the public.

(2) In this sub-section the expression ‘ house ’ shall not include an office used for business purposes ’.”

**The Honourable Sir Nripendra Sircar :** Sir, I accept this amendment.

**Mr. President (The Honourable Sir Abdur Rahim) :** The question is :

“ That in clause 110 of the Bill, after the proposed section 277B, the following new section be inserted :

‘ 277BB. (1) It shall not be lawful for any person to go from house to house offering shares of a company incorporated outside India for subscription or purchase to the public or any member of the public.

(2) In this sub-section the expression ‘ house ’ shall not include an office used for business purposes ’.”

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 110, as amended, stand part of the Bill.”

The motion was adopted.

Clause 110, as amended, was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 111 stand part of the Bill.”

**Mr. N. C. Muthuranga Mudaliar** (South Arcot *cum* Chingleput : Non-Muhammadan Rural) : Sir, I move :

“ That clause 111 of the Bill be omitted.”

In this I am fortified by the opinion of the Central Banking Enquiry Committee as they have come to the unanimous conclusion that a comprehensive banking Act should be enacted and placed on the Statute-book. They no doubt suggest two ways, a separate banking Act or the amendment of the Companies Act ; but they prefer the first course. It is now more than five years since the Central Banking Enquiry Committee submitted their report and the Government should long ago have enacted a comprehensive banking Act ; but they have not cared to do so and now they want to incorporate a separate clause in the Companies Act. The 1913 Companies Act does not contain such a clause on banking, and I do not know if the English Act which this amending Bill so closely follows has such a section on banking. The Deputy Governor of the Reserve Bank also is of the opinion that a separate Act would be preferable to introducing a clause in the Companies Act. Let me read to the House what he says in regard to the proposed section 277E :

“ We agree that legislation is desirable to effect a clear separation between banking and other companies and mitigate the risk of the public paying deposits to a company calling itself a Bank but really carrying on a different kind of business altogether. We are, however, doubtful whether the provisions of the Bill as drafted will satisfactorily meet the object in view.”

Not only to section 277E but also to every other subsequent section the Deputy Governor of the Reserve Bank has raised objection. Even the informal Committee which considered the draft of this Bill was of the opinion that the proposed addition of section 277E was unnecessary and should not be made. Among other opinions the opinion received from the Indian Society of Accountants and Auditors runs thus. Paper No. 6. They say :

“ My Committee are of opinion that as recommended by the Central Banking Enquiry Committee it is necessary that there should be one comprehensive banking Act on the statute book for regulating banks and banking institutions in India.”

On these grounds I appeal to the House to throw out this clause so that Government may be compelled to bring in a comprehensive banking Act. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That clause 111 of the Bill be omitted.”

**The Honourable Sir Nripendra Sircar :** I oppose the amendment. Possibly a comprehensive banking Act would be more satisfactory, but that is no reason why some of the evils which have been complained of or which general public opinion shows are likely to be stopped by the provisions which have been introduced in section 277E—why the whole of that should be dropped simply because by waiting for a few years probably a more comprehensive Act can be formulated. I oppose the amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That clause 111 of the Bill be omitted.”

The motion was negatived.

**Mr. C. N. Muthuranga Mudaliar :** Sir, I move :

“ That in clause 111 of the Bill, for the proposed section 277E, the following be substituted :

‘ 277E. A Banking Company means ‘ a company which carries on banking business and uses as part of its name the word Bank, banker or banking ’.”

In the case of this amendment also I rely upon the various opinions received by the Government on the Bill. I chiefly rely upon the opinion of the Deputy Governor of the Reserve Bank. He says :

“ In this Bill the attempt to define the permissible duties and limitations of banks by statute has been made for the first time in this country. The difficulty of framing a comprehensive and practical definition has been emphasized by every authority which has examined the subject both here and in other countries, e.g., the Hilton-Young Commission, the Banking Enquiry Committee in this country and the MacMillan Committee in the United Kingdom. We recognize that the draft has been framed as comprehensively as possible but even so there is a danger that it may hamper legitimate present activities and impede further developments. For these reasons, we are of opinion that the attempt to frame a comprehensive definition should be abandoned and that a banking company should be described as a company which carries on the business of banking.”

Sir, I move :

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 111 of the Bill, for the proposed section 277E, the following be substituted :

‘ 277E. A Banking Company means ‘ a company which carries on banking business and uses as part of its name the word Bank, banker or banking ’.”

**Mr. B. Das** (Orissa Division : Non-Muhammadan) : I think the Finance Member ought to have been here to reply to the points raised by my Honourable friend, Mr. Mudaliar, which deal with the opinion of the Deputy Governor of the Reserve Bank.

**Mr. President** (The Honourable Sir Abdur Rahim) : The Honourable the Law Member is in charge of the Bill.

**Mr. B. Das :** Yes. I know that. The Honourable the Law Member is sympathetic but this deals with a bigger issue and we want to know the opinion of the Finance Member.

**The Honourable Sir Nripendra Sircar :** I can give more information to the House about the Deputy Governor of the Reserve Bank than probably my Honourable Colleague, because after getting his opinion he was consulted repeatedly and I had repeated correspondence with him. I can assure my Honourable friend that this definition, as now drafted, was with his help, in spite of his previous opposition. But,

Sir, my point is this. My Honourable friend's view is,—I know that is a view which is supported by a considerable section of the European merchants, and I am getting letters from them even now—"Don't define banking. Say banking is banking." But the trouble is this. We must make an attempt to define—I admit that it is extremely difficult to define, and I also admit that some other people have not tried to define, as our position is this. Supposing one of the provisions is broken, then what happens? The case has got to be tried. The manager of the bank or the directors are put up before a Court. "You suffer this penalty because you are a banking company and you have done something which you ought not to have done." What is the Court going to do? Is every Subordinate Judge or District Judge trying a case to call for experts to find out what is a banking business? I submit, if you drop the whole of this chapter, that is quite a different matter, but as that has not been done, as my Honourable friend's amendment has not been carried, surely without some definition of banking we cannot possibly go on. What help will the Court get from this Act when the question arises whether a certain company is a banking company or not? I understand, the situation is a difficult one—the matter of defining—and I want the assistance of the House to improve that definition if that is possible. I can tell the House what steps were taken to have this definition, because I always realised that it was not easy to define banking. We had, first of all, opinions and correspondence and so on. Then Sir William Lamond of the Imperial Bank was specially brought on the informal Committee. This definition took him several days and it was thoroughly discussed before the informal Committee. After the Bill had been introduced we were at it for days and when the Select Committee met—I am not divulging any proceedings of the Select Committee—the matter stood over and we were given time to consult further the Deputy Governor of the Reserve Bank and some of the leading bankers in Bombay. We waited and we got their suggestions. With the help of those suggestions which came from Calcutta and Bombay we slightly changed our definition. We have tried to make the definition as comprehensive as possible, and because we feel that we have exhausted all efforts in coming to a satisfactory definition, if Honourable Members will point out how the definition can be improved, I shall indeed be grateful, but I object to this idea that we should have no definition at all and it should mean this, bank is a company which carries on banking business. That is my Honourable friend's amendment.

**Mr. M. A. Jinnah :** It says here, "part of its name".

**The Honourable Sir Nripendra Sircar :** Part of the definition is, a company which carries on banking business. How am I to ascertain what is banking business? I oppose the amendment and I hope my friend will help me when we come to the definition clause.

**Mr. President (The Honourable Sir Abdur Rahim) :** The question is :

"That in clause 111 of the Bill, for the proposed section 277E, the following be substituted :

'277E. A Banking Company means a company which carries on banking business and uses as part of its name the word Bank, banker or banking.'

The motion was negatived.

**Mr. M. Ananthasayanam Ayyangar :** Sir, I move :

“ That in clause 111 of the Bill, in the proposed section 277E, after the words ‘ Banking Company ’ the words ‘ or Bank ’ be inserted.”

The object is this. Banking company is defined in clause 277E. In 277F the words “ bank, banker and banking ” are used. 277F says :

“ No company formed after the commencement of the Indian Companies (Amendment) Act, 1936, for the purpose of carrying on business as a banking company or which uses as part of the name under which it proposes to carry on business the word ‘ bank ’, ‘ banker ’ or ‘ banking ’ shall be registered under this Act, unless the memorandum limits the objects of the company to the carrying on of some or all of the forms of business specified in section 277E.”

Now, under this section 277F it can still be a bank without carrying on the main object of the business as set out in the preamble to section 277E. It can still be a bank without doing its business. The definition of the bank is restricted under section 277F to some or other of the objects set out in 277E. I would, therefore in order to avoid confusion introduce, the word “ bank ” after the words “ banking company ”.

**The Honourable Sir Nripendra Sircar :** A bank may be owned by an individual or a partnership firm.

**Mr. M. Ananthasayanam Ayyangar :** Unless more than 10 persons join together it does not come under the operation of this Act at all. If the word “ bank ” is not used, the special restrictions sought to be imposed upon a banking company as are mentioned in 277F would not apply to the bank. The object of my amendment is, to make the object of the section clear. In 277E, banking company alone is defined and in 277F some restrictions are sought to be imposed. Banking business need not necessarily be one of the objects of the bank if we take section 277F alone. I say my amendment is necessary if we are not to frustrate the object of the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 111 of the Bill, in the proposed section 277E, after the words ‘ Banking Company ’ the words ‘ or Bank ’ be inserted.”

**Mr. Bhulabhai J. Desai :** The difficulty arises under 277F and it can be easily avoided. The material words in 277F are :

“ Unless the memorandum limits the objects of the company to the carrying on of some or all of the forms of business specified in section 277E.... ”

What is really meant there is it limits the objects of the company to the carrying on of the banking business as defined in the main section along with some or more of the others. If that is done, I think the difficulty would be removed. The suggestion I make is that this might be withdrawn now but that it might be taken up when we come to 277F. This amendment is in the wrong place. ♦

**Mr. M. Ananthasayanam Ayyangar :** I beg leave of the House to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

**Pandit Govind Ballabh Pant :** Sir, I beg to move :

“ That in clause 111 of the Bill, in the proposed section 277E, for the words ‘ as its principal business the ’ the words ‘ the business of ’ be substituted.”

If Honourable Members will read the introductory clause or the body of the text of 277E, they will find these words :

“ A ‘ banking company ’ means a company which carries on as its principal business the accepting of deposits of money on current account or otherwise ”, and so on.

In place of these words, if my amendment is accepted, the form will be like this :

“ A ‘ banking company ’ means a company which carries on the business of the accepting of deposits of money on current account or otherwise.”

Sir, the object of my amendment must have, I think, already struck the Honourable Members of this House, and is plain enough. According to this definition given in 277E, the accepting of deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order must be the principal business. I say that instead of making it the principal business, we should say that it should be the business of the company.

**Sir H. P. Mody :** That means the one and only business of the company ?

**Pandit Govind Ballabh Pant :** No, no. A ‘ banking company ’ means a company which carries on the business of the accepting of deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order, notwithstanding that it engages, in addition, in any one or more of the following forms of business. All these forms of business remain there, but the essential characteristic of a bank, *viz.*, the accepting of deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order must be included in the business of the company. The reason why I move this amendment is the likelihood of complications and controversies arising from this word “ principal ”, thus, as to what is the “ principal business ”, at which stage a business can be called “ the principal business ”, at what stage is it to be regarded as subsidiary and not “ principal ” and so on ? If the question comes before the Courts, then it may lead to any amount of difficulty ; so I want to omit this word “ principal ”, but it does not affect the essential characteristic of the bank, for no company will be regarded as a banking company unless it carries on the business of accepting deposits of money on current account or otherwise subject to withdrawal by cheque, draft or order. If you retain the word “ principal ”, then it may cause difficulties and I am sure it will foment litigation ; and whenever a company will be sought to be dealt with under the provisions of this chapter, then it will seek shelter oftener than one can imagine now, under the pretext that it is not their principal business. It may be doing one hundred and one other things and yet this may be the main part of its business ; but howsoever important a place this banking business may play in the activities of that banking company, still it may put forward the plea that this is not its principal business. So, for the words “ as its principal business the ” I suggest that the words “ the business of ” be substituted. I may state that the only reason that has prompted me is to simplify the definition and to obviate to the extent that is possible the chances of the provisions being circumvented under one pretext or other.

**Mr. President (The Honourable Sir Abdur Rahim) :** Amendment moved :

“ That in clause 111 of the Bill, in the proposed section 277E, for the words ‘ as its principal business the ’ the words ‘ the business of ’ be substituted.”

**The Honourable Sir Nripendra Sircar :** Sir, I quite appreciate my Honourable friend's motive but I would ask the House to realize what will happen. Every jute mill in Bengal will become a banking company, because, if my friend will inquire, he will find that their servants and their assistants deposit monies with the company on current account and otherwise and these are in some cases withdrawable by cheque,—but the words here are “ cheque, draft or order ”. So, therefore, every jute mill company will be, although really banking is not their real business, a banking company. Take any firm like Messrs. Martin and Co. I know their servants have their accounts with them, they keep their money in deposit with their masters, they draw it whenever they like, and as a matter of fact the bigger companies have cheque forms also. For instance, Messrs. Andrew Yule and Co. probably have their cheque forms. Sir, the result will be—although I quite appreciate my Honourable friend's motive, if once we do what he suggests then practically we shall rope in hundreds of companies who really and honestly cannot be called banking companies.

**Pandit Govind Ballabh Pant :** But can cheques be drawn on these accounts by persons who are not connected with them as their servants ? Are they negotiable instruments ?

**The Honourable Sir Nripendra Sircar :** That does not matter ; of course every cheque is a negotiable instrument if it is made to order, but that does not touch the point at all. Here I am a servant of Messrs. Martin and Co. and I have left certain monies with them either as deposits or on current account. I draw these by cheque, but that question is rather not important because the language is “ by cheque, draft or order ”. If I send a letter to Messrs. Martin and Co. like this, “ will you kindly make over Rs. 100 out of my deposit to so and so ”, that will be drawn by order, so that all these companies will be hit. Surely, that is not the object of this legislation,—viz., to rope in companies who cannot be described as banking companies.

**Pandit Govind Ballabh Pant :** That is not my object.

**The Honourable Sir Nripendra Sircar :** I am putting it before you that although that is not the object, that will be the result. Now as regards my friend's other point. I quite admit that in a doubtful case evidence has to be led, if it comes to that, as to whether this was the principal business or not. but, surely, whether such a business is principal or not is a question of fact, the Courts are deciding every day whether a particular place is the principal place of business of a company, and they are deciding what is the principal business, and the words “ principal business ” have been used in so many English statutes and there are hundreds of decisions, so that it all boils down to this that it is a question of fact. But such questions will be rare,—and it cannot be helped, if such a question arises ; the Courts have got to take the trouble of finding out what is the principal business.



After all, it is not for the man who is going to be penalized to prove that he has come within the operation of this section; the other side who wants to get him punished has to prove, and the onus is on him to show that this was his principal business. I submit, Sir, that balancing the considerations on either side, it will lead to consequences which we cannot possibly contemplate with equanimity if all companies like the Jute Mill companies, the Coal companies and other companies who keep moneys of their servants and so on are going to be treated as banking companies. I oppose it.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 111 of the Bill, in the proposed section 277E, for the words ‘ as its principal business the ’ the words ‘ the business of ’ be substituted.”

The motion was negatived.

**Mr. M. Ananthasayanam Ayyangar** : Sir, some modification has got to be made to section 277F.

**The Honourable Sir Nripendra Sircar** : When in doubt, do not move.

**Mr. M. Ananthasayanam Ayyangar** : There is no doubt that I shall move it. But in place of amendment No. 16, I move that :

“ In sub-section (1) of section 277F, after the words ‘ unless the memorandum permits the objects of the company to the carrying on... ’

**The Honourable Sir Nripendra Sircar** : There is no such amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) : There is no amendment like that.

**Mr. M. Ananthasayanam Ayyangar** : Sir, I cannot move my amendment No. 16 as it is. When I moved my previous amendment to section 277E, the Honourable the Leader of the House said that it could be moved after section 277F was disposed of. I now propose to move some consequential amendments if the Honourable the Law Member will accept them.

**The Honourable Sir Nripendra Sircar** : My trouble is that I cannot be rushed like this. The banking sections are an important matter and I must have a little time to realise what is happening and what I am agreeing to or what I am opposing.

**Mr. M. Ananthasayanam Ayyangar** : Then I suggest that it may stand over till tomorrow.

**Mr. President** (The Honourable Sir Abdur Rahim) : You had better put in another amendment tomorrow.

**Pandit Govind Ballabh Pant** : Sir, I move :

“ That in clause 111 of the Bill, the proviso to sub-section (2) of the proposed section 277F be omitted.”

Honourable Members will see that the proviso runs thus :

“ Provided that the Governor General in Council may, by notification in the Gazette of India, specify in addition to the businesses set forth in clauses (1) to (17) of section 277E other forms of business which it may be lawful under this section for a banking company to engage in.”

[Pandit Govind Ballabh Pant.]

Sir, I attach great importance to this amendment. This banking section has been introduced after a great deal of care and investigation by the Honourable the Law Member. If Honourable Members will be pleased to read these sub-clauses 1 to 17 of section 277-E, they will notice that every conceivable sort of business that could possibly be brought within the purview of a bank's business has been included in this section 277-E. Now, we are framing a statute and there are important consequences likely to ensue from the step that we are taking. If there is a breach of any of these provisions embodied in section 277-E, then a man may be exposed to very serious penalties. The consequences are of a very far-reaching character, but when we incorporate this proviso, then, instead of legislating, we are delegating the functions to an executive authority about matters which entail serious consequences, penalties and civic rights. I am entirely opposed to such a principle. When we frame a law, in case there is any occasion for any change in that law, then an amending statute should be brought before the Legislature. I do not see, in spite of great respect for this House, that the final word in banking legislation is embodied in section 277-E. I conceive and concede the possibility of changes being required in section 277-E as in other parts of this Act. In the circumstances, the same argument could perhaps be advanced, though not always with the same degree of emphasis, about the Governor General being equipped with power to make changes even in the rest of the Act if a necessity arose for it. In case there is any flaw noticed in this clause at any time, there need not be any serious difficulty in the way of the Government proposing an amendment of this Act and bringing forward an amending Bill. The Governor General has so far possessed the power of making Ordinances. In fact, the power of making Ordinances for everything has been enlarged by the new Charter of liberty that we are getting through the Government of India Act of 1935. If it is necessary to make any alteration in this part or any other part of this Bill when it becomes an Act, if the Governor General so chooses, he can ordain to that effect.

**Mr. M. S. Aney :** The power of making Ordinances is given to the Governor General and not to the Governor General in Council.

**Pandit Govind Ballabh Pant :** But here I think the Governor General in Council is on his last legs. He is tottering. Just see the faces over there. Some of them seem to be growing prematurely old and others are growing buoyant in the hope that they will get rid of the halter round their neck soon. Whatever it may be, the fact remains that the Governor General in Council is tottering today and he is in a state of decay in more ways than one. We have experience of that every day, every morning. Leaving that alone, the Governor General in Council in reality, if not in name, I think, will advise the Governor General to issue Ordinances. But the Governor General will be a freer agent than he is today as his inner Council will then consist of only white faces with no brown ones. The Governor General will then have portfolios in his charge such as Defence, Ecclesiastical affairs and so on. There are only three Europeans in the Governor General's Council today. I am digressing, perhaps making remarks which are not quite relevant, I am not primarily responsible for that, I was drawn into it—

coming to the subject of this amendment, the position is this, that the transfer of such statutory powers which only the Legislature should possess is vicious in principle and is likely to lead to disastrous consequences. We have always opposed this conferment of the power of issuing Ordinances which the Governor General possesses, but it is there, whether we will it or not as there are so many, ninety-nine out of 100 provisions in this Act. But when he has that power of issuing Ordinances, I do not see any reason for this clause. The difference is this. The Ordinances will not remain in force for more than six months and it will then be necessary to modify it by means of an amending Bill and unless the Legislature approves of it, it will not remain in force.

**Sir H. P. Mody** : Can the Governor General issue Ordinances in respect of these matters ?

**Pandit Govind Ballabh Pant** : He can issue about everything.

**Sir H. P. Mody** : No.

**Pandit Govind Ballabh Pant** : There are two parts of that : one relates to peace and tranquillity and these things. That he can do in his discretion and individual judgment. The other is about matters which come within the purview of the so-called ministerial field. About that he can issue Ordinances with the advice of his Ministers when the House is not sitting : but in either case, he can issue Ordinances. There is no doubt about that. That is my impression of the Government of India Act and I hope I am not mistaken. Therefore if an emergency actually arises the way of meeting it has already been provided for as it has been for all other possible and conceivable emergencies—but I am again being drawn away. In the circumstances, I propose that this proviso should be omitted. It is fatal to the principle of Legislature alone having legislative and statutory authority. I hope this House will throw out this proviso.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 111 of the Bill, the proviso to sub-section (2) of the proposed section 277F be omitted.”

**The Honourable Sir Nripendra Sircar** : Sir, I oppose this amendment. I agree that it is not the right principle to allow executive orders to take the place of legislation. We know that a whole book has been written on it by Lord Hewart and I want the House to realise—if I may use the expression which one of my Honourable friends used towards me this morning—whether all this heavy cannon is necessary for killing a fly. The position is this : we have tried to make the definition of banking as comprehensive as possible. In spite of that, we are receiving criticisms which were voiced by an Honourable friend only 15 minutes ago that it is a dangerous task to try to be comprehensive and true, we cannot tell you just now what it is you have omitted but it is difficult to believe that you have omitted something. Therefore, the provision of the scheme is this : we have tried with the help of banking experts to be as exhaustive as possible. We have put in from one to seventeen sub-clauses and our hope and belief is that nothing has escaped our attention, the net has been cast wide. But in case something has escaped, this power is given to the Governor General to come

[Sir Nripendra Sircar.]

to the rescue. I ask Honourable Members to speculate in their minds how often can such a question arise. This question can arise only if business can be legitimately carried on by a bank which is not roped in by one of these one to seventeen comprehensive sub-clauses. We are putting in this proviso for that contingency, and it will be on very very rare occasions that it will arise. May I point out to the House that this strenuous fight against giving the Governor General a power which probably will not be exercised at all or if exercised on very rare occasion or occasions, all this strenuous fight is going on for this. But none of my Honourable friends, as I said only half an hour ago, have tried to amend section 151. Under section 151 of the existing Act, the Governor General in Council can alter and change the forms. That power is to be entrusted under this particular Act. My Honourable friend will probably say that one wrong does not justify another, but I am pointing out that there is no attempt to take away the very extensive powers which are given to the Governor General in Council. This, Sir, may be a question of principle, but in practice, I submit really no objection ought to be made having regard to the fact that we have tried to make our definition as exhaustive as possible. My Honourable friend, Pandit Govind Ballabh Pant, having once mentioned the new Government of India Act naturally was led away into various other matters which probably have nothing to do with banking. I may correctly say that he was right in saying that this present Council of the Governor General is tottering, but we are hoping that the vigorous legs of my Honourable friends, Pandit Govind Ballabh Pant and Mr. Satyamurti, will replace these weaklings there.....

**Pandit Govind Ballabh Pant :** No apprehensions like that so far as I am concerned.

**The Honourable Sir Nripendra Sircar :** Not any apprehensions, no. I shall be delighted, and I do not call it apprehension. I may point out that the Governor General in Council under the new Government of India Act does not mean Advisers in Defence or Finance Departments.

**Pandit Govind Ballabh Pant :** I never meant to suggest that.

**The Honourable Sir Nripendra Sircar :** Then, I will not go into that. Sir, I oppose the amendment.

**Mr. M. S. Aney :** This is really an amendment which is one of principle. The point is not whether there will be any occasion for the Governor General in Council to exercise the power given in this sub-clause. The question is whether it is proper for this House to delegate its legislative powers to or abdicate its functions in favour of the Governor General in Council on an important point like this. If, as the Honourable the Leader of the House stated, the occasion for exercise of such power is likely to be very very rare, I do not see why it is necessary to give this power at all to the Governor General in Council. What is the difficulty for the Governor-General in Council in coming before this House for getting the necessary amendments made in the Act ?

**The Honourable Sir Nripendra Sircar :** But by that time penalty would have been incurred and the man will be sent to jail or fine collected.

**Mr. M. S. Aney :** If such an occasion arises, the extraordinary power of the Governor General could be invoked by him until the necessary amendment is made in the Act. There is no necessity for us to confer on him additional powers under this law in addition to whatever powers he can exercise otherwise.

**Sir H. P. Mody :** We have given wider powers in the matter of tariffs and other things.

**Mr. M. S. Aney :** If it is in my power I shall curtail all those powers when those Bills come before me.

**The Honourable Sir Nripendra Sircar :** Sir, if my friend will allow me, it is not a question of those Bills. Under section 151 of the Companies Act which my friend has not tried to amend, Government has got powers which may be said to be ten thousand times wider than this. He can alter any of your forms in the Schedule.

**Mr. M. S. Aney :** If there is one mistake of omission, I do not want to add to it another one of commission. I say we should not add to our mistakes by passing this.

**Sir Cowasji Jehangir :** Sir, I do not think the position has been quite clearly understood ; really no great principle is involved. For the first time banking has been attempted to be defined. In defining banking the Select Committee have put down 17 different kinds of business that a banker may do. It may happen that there may be an 18th kind of business that a bank may do which has missed the attention of the experts and the Select Committee. Nobody can be said to be infallible, and in attempting the task that the Select Committee have attempted, of defining banking, it is more than possible that they have left out something. Now, Sir, all that this proviso enables Government to do is to include, by executive action, an 18th clause to the 17 already included in the Bill. They have no power to take away any one of the 17 ; they have been only given power to add one or two more in their attention is drawn to the necessity of such addition.

**An Honourable Member :** They may bring in a Bill.

**Sir Cowasji Jehangir :** Then, Sir, it may cause a considerable amount of inconvenience. It may be only to one bank. If Government have not got this power, it may take time for Government to bring in a Bill before the Legislature, or the Government may think that the matter is not of sufficient importance that would really justify them in bringing in a Bill. In the meantime that one banking company will suffer. Since an attempt has been made to define 'banking', I think it is essential that this power should be given to Government. I will give you another argument. Banking may have been defined in another way. Only the first portion of it may have been put into the Bill and the rest may have been put into a schedule. If it had been put in a schedule I am sure my Honourable friend would not have objected to Government changing that schedule.

**Pandit Govind Ballabh Pant :** I would have, I assure you.

**Sir Cowasji Jehangir** : Then Government have today power under this very Act to change all the forms, one of the most important parts of the Act, whenever they find it necessary to do so. I contend that if this had been in a schedule the question would never have arisen. Because it has been embodied in the Bill, the question arises in this new form. Therefore, I will suggest to this House that for the safety of banks and banking, they will not insist upon deleting this proviso.

**Dr. Ziauddin Ahmad** : Sir, there is one point to which I should like to draw attention. They have defined 'banking' in 16 clauses and in the 17th anything that is left out is included, that is, "all such other things as are incidental or conducive to the promotion and advancement of the business of the company". Under this 17th clause anything can be included.

**The Honourable Sir Nripendra Sircar** : No, anything cannot be included.

**Dr. Ziauddin Ahmad** : The problem of the three bodies cannot be included in this. Then after having 17 clauses providing for every possible thing that may arise, I do not see any necessity for adding a proviso and authorising the Governor General in Council to add anything further.

Another thing is that whenever there is an Act of the Legislature, it is absolutely repugnant to me to hand over the powers of the Legislature by an Act and Legislature itself to the executive. We have made attempts to define banking in the first 16 sections and afterwards added a 17th to cover everything else that may possibly arise, and on top of that you give additional power to the Governor General in Council to extend it further. I see no justification for it.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

"That in clause 111 of the Bill, the proviso to sub-section (2) of the proposed section 277F be omitted."

The Assembly divided :

AYES—35.

Aney, Mr. M. S.  
 Ayyangar, Mr. M. Ananthasayanam.  
 Bhagavan Das, Dr.  
 Chaliha, Mr. Kuladhar.  
 Chetty, Mr. Sami Vencatachelam.  
 Das, Mr. B.  
 Das, Mr. Basanta Kumar.  
 Das, Pandit Nilakantha.  
 Datta, Mr. Akhil Chandra.  
 Desai, Mr. Bhulabhai J.  
 Gadgil, Mr. N. V.  
 Giri, Mr. V. V.  
 Govind Das, Seth.  
 Hosmani, Mr. S. K.  
 Jedhe, Mr. K. M.  
 Jogendra Singh, Sirdar.  
 Joshi, Mr. N. M.  
 Kailash Behari Lal, Babu.

Khan Sahib, Dr.  
 Khare, Dr. N. B.  
 Lalchand Navalrai, Mr.  
 Mangal Singh, Sardar.  
 Mudaliar, Mr. C. N. Muthuranga.  
 Muhammad Ahmad Kazmi, Qazi.  
 Paliwal, Pandit Sri Krishna Dutta.  
 Pant, Pandit Govind Ballabh.  
 Raghuraj Narayan Singh, Choudhri.  
 Ranga, Prof. N. G.  
 Saksena, Mr. Mohan Lal.  
 Sant Singh, Sardar.  
 Sham Lal, Mr.  
 Sheodass Daga, Seth.  
 Sri Prakasa, Mr.  
 Varma, Mr. B. B.  
 Ziauddin Ahmad, Dr.

## NOES—47.

Abdul Hamid, Khan Bahadur Sir.	Lal Chand, Captain Rao Bahadur Chaudhri.
Abdullah, Mr. H. M.	Metcalfe, Sir Aubrey.
Acott, Mr. A. S. V.	Milligan, Mr. J. A.
Ahmad Nawaz Khan, Major Nawab Sir.	Mody, Sir H. P.
Ayyar, Diwan Bahadur B. V. Krishna.	Morgan, Mr. G.
Bajoria, Babu Baijnath.	Mukherjee, Rai Bahadur Sir Satya Charan.
Bajpai, Sir Girja Shankar.	Naydu, Diwan Bahadur B. V. Sri Hari Rao.
Bartley, Mr. J.	Nind, Mr. W. W.
Bewoor, Mr. G. V.	Noyce, The Honourable Sir Frank.
Bhat, Mr. M. D.	Rajal, Rao Bahadur M. C.
Buss, Mr. L. C.	Rau, Mr. P. R.
Chapman-Mortimer, Mr. T.	Rau, Mr. P. S.
Chunder, Mr. N. C.	Robertson, Mr. G. E. J.
Dalal, Dr. R. D.	Roy, Mr. S. N.
Das-Gupta, Mr. S. K.	Sarma, Sir Srinivasa.
Dey, Mr. E. N.	Scott, Mr. J. Ramsay.
Ghuznavi, Sir Abdul Halim.	Sen, Mr. Susil Chandra.
Grant, Mr. G. F.	Sher Muhammad Khan, Captain Sardar.
Griffiths, Mr. P. J.	Singh, Rai Bahadur Shyam Narayan.
Grigg, The Honourable Sir James.	Sircar, The Honourable Sir Nripendra.
Hudson, Sir Leslie.	Spence, Mr. G. H.
James, Mr. F. E.	Witherington, Mr. C. H.
Jawahar Singh, Sardar Bahadur Sardar Sir.	
Jehangir, Sir Cowasji.	
Khurshaid Muhammad, Khan Bahadur Shaikh.	

The motion was negatived.

**Pandit Govind Ballabh Pant** : Sir, I move :

“ That in clause 111 of the Bill, in the proviso to sub-section (2) of the proposed section 277F, the words ‘ subject to the condition that such notification shall not remain in force for more than six months ’ be added at the end.”

The effect of this amendment will be this : that the notification will remain in force for six months and in cases of urgency it will be open to the Government to introduce anything in this clause that they may consider necessary. But while enabling them to meet such urgency, it would require them to seek the approval of the Legislature within the period of six months in order to bring about a permanent amendment in this clause 277E. I do not see what possible objection there can be to it. If it is the intention of the Government that the Governor General in Council should modify this clause 277E or add to the sub-clauses (1) to (17), against the wishes of the Legislature, then there can be some ground for opposing my amendment ; but if it be the intention of the Government and if it is their expectation that this action that the Governor General in Council will or may take should be in accord with the wishes of this House or its successor, but that in cases of difficulty it should be open to the Governor General in Council to add to this clause, then both the contingencies are fully met by my amendment. They will have full six months to carry on without any reference to the Legislature and if during that period they feel that the clause should be amended and that some new line of business should be introduced so as to be of permanent duration, then they can come to the Legislature and seek its approval. I hope all the waverers will now join me and we will be able to defeat the Government.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 111 of the Bill, in the proviso to sub-section (2) of the proposed section 277F, the words ‘ subject to the condition that such notification shall not remain in force for more than six months ’ be added at the end.”

**The Honourable Sir Nripendra Sircar** : Sir, it is not a question of distrust of the Legislature ; but the question is what are the circumstances to which this proviso may relate. The occasion probably will be—and a remote occasion—that some bank has been hit because its business or rather subsidiary business is not covered by the 17 items and there ought to be item 18. We do think in a situation like that to make it compulsory that both Houses should be moved or there should be Resolutions in both Houses for a case of that kind is one that is not required. I oppose the amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 111 of the Bill, in the proviso to sub-section (2) of the proposed section 277F, the words ‘ subject to the condition that such notification shall not remain in force for more than six months ’ be added at the end.”

The Assembly divided :

AYES—33.

Aney, Mr. M. S.  
Ayyangar, Mr. M. Ananthasayanam.  
Bhagavan Das, Dr.  
Chaliha, Mr. Kuladhar.  
Chetty, Mr. Sami Vencatachelam.  
Das, Mr. B.  
Das, Mr. Basanta Kumar.  
Das, Pandit Nilakantha.  
Datta, Mr. Akhil Chandra.  
Desai, Mr. Bhulabhai J.  
Gadgil, Mr. N. V.  
Giri, Mr. V. V.  
Govind Das, Seth.  
Hosmani, Mr. S. K.  
Jedhe, Mr. K. M.  
Jogendra Singh, Sirdar.  
Joshi, Mr. N. M.

Kailash Behari Lal, Babu.  
Khan Sahib, Dr.  
Khare, Dr. N. B.  
Mangal Singh, Sardar.  
Mudaliar, Mr. C. N. Muthuranga.  
Muhammad Ahmad Kazmi, Qazi.  
Paliwal, Pandit Sri Krishna Dutta.  
Pant, Pandit Govind Ballabh.  
Raghubir Narayan Singh, Choudhri.  
Ranga, Prof. N. G.  
Saksena, Mr. Mohan Lal.  
Sant Singh, Sardar.  
Sham Lal, Mr.  
Sheodass Daga, Seth.  
Sri Prakasa, Mr.  
Varma, Mr. B. B.

NOES—48.

Abdul Hamid, Khan Bahadur Sir.  
Abdullah, Mr. H. M.  
Acott, Mr. A. S. V.  
Ahmad Nawaz Khan, Major Nawab Sir.  
Ayyar, Diwan Bahadur R. V. Krishna.  
Bajoria, Babu Baijnath.  
Bapnai, Sir Girja Shankar.  
Bartley, Mr. J.  
Bewoor, Mr. G. V.  
Bhat, Mr. M. D.  
Buss, Mr. L. C.  
Chapman-Mortimer, Mr. T.  
Chunder, Mr. N. C.  
Dalal, Dr. R. D.  
Das-Gupta, Mr. S. K.  
Dey, Mr. R. N.  
Ghuznavi, Sir Abdul Halim.  
Grant, Mr. C. F.  
Griffiths, Mr. P. J.

Grigg, The Honourable Sir James.  
Hudson, Sir Leslie.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur Sardar Sir.  
Jhangir, Sir Cowasji.  
Khurshaid Muhammad, Khan Bahadur Shaikh.  
Lal Chand, Captain Rao Bahadur Chaudhri.  
Metcalfe, Sir Aubrey.  
Milligan, Mr. J. A.  
Mody, Sir H. P.  
Morgan, Mr. G.  
Mukherjee, Rai Bahadur Sir Satya Charan.  
Naydu, Diwan Bahadur B. V. Sri Hari Rao.  
Nind, Mr. W. W.



NOES—*contd.*

Noyce, The Honourable Sir Frank.  
 Rajah, Rao Bahadur M. C.  
 Rau, Mr. P. B.  
 Rau, Mr. P. S.  
 Robertson, Mr. G. E. J.  
 Roy, Mr. S. N.  
 Sarma, Sir Srinivasa.  
 Scott, Mr. J. Ramsay.

Sen, Mr. Susil Chandra.  
 Sher Muhammad Khan, Captain Sardar.  
 Singh, Rai Bahadur Shyam Narayan.  
 Sircar, The Honourable Sir Nripendra.  
 Spence, Mr. G. H.  
 Witherington, Mr. C. H.  
 Ziauddin Ahmad, Dr.

The motion was negatived.

**Pandit Govind Ballabh Pant** : Sir, I move :

“ That in clause 111 of the Bill, in the proviso to sub-section (2) of the proposed section 277F, the words ‘ unless approved by both houses of the central legislature whether before such publication or thereafter within the aforesaid six months ’ be added at the end.”

I do not propose to make any speech in the hope that the Honourable the Law Member will accept at least this amendment. (Laughter.)

**Sir H. P. Mody** : On a point of order, Sir. The last amendment has been defeated, and the time limit of six months has been thrown out, and by this amendment the same limit of six months is again sought to be imposed.

**Pandit Govind Ballabh Pant** : Out of regard for Sir Homi Mody, I beg leave of the House to withdraw the amendment. (Laughter.)

The amendment was, by leave of the Assembly, withdrawn.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I move :

“ That in clause 111 of the Bill, in the proposed section 277G, after the word ‘ employ ’ the words ‘ or be managed by ’ be inserted.”

I do not propose to make any real change in the section. The intention of this section 277G is that there should be no managing agent for a bank, either old or new, but the word “ employ ” may possibly be misconstrued. It might be construed that the old agencies might continue and that the word “ employ ” meant the employment of new agents. In order to preclude the possibility of such a misconception, I move this amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) : Amendment moved :

“ That in clause 111 of the Bill, in the proposed section 277G, after the word ‘ employ ’ the words ‘ or be managed by ’ be inserted.”

**The Honourable Sir Nripendra Sircar** : We accept the amendment.

**Mr. President** (The Honourable Sir Abdur Rahim) : The question is :

“ That in clause 111 of the Bill, in the proposed section 277G, after the word ‘ employ ’ the words ‘ or be managed by ’ be inserted.”

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim) : The House stands adjourned till 11 o'clock tomorrow. As regards questions tomorrow, I understand that there is every chance of this Bill being finished by 5 o'clock even if we have the question hour. Questions will, therefore, be taken up tomorrow.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 7th October, 1936.